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TRANSIT IN THE 21ST CENTURY: SUCCESSES AND CHALLENGES

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

IMPLEMENTATION AND REAUTHORIZATION OF THE PUBLIC TRANSPORTATION PROVISIONS OF THE TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY (TEA-21) AS IT PERTAINS TO THE CONDITIONS AND PERFORMANCE OF AMERICA'S TRANSIT INFRASTRUCTURE, FOCUSING ON THE IMPORTANCE OF A NATIONAL, SEAMLESS TRANSPORTATION NETWORK THAT MEETS THE MOBILITY NEEDS OF MOVING PEOPLE IN URBAN AND RURAL AREAS

MARCH 13 AND OCTOBER 8, 2002

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TRANSIT IN THE 21ST CENTURY: SUCCESSES AND CHALLENGES

WEDNESDAY, MARCH 13, 2002

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:15 a.m. in room SD–538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. Let me call this hearing to order.

This morning, the Committee on Banking, Housing, and Urban Affairs will begin consideration of the Federal transit program. This is in preparation for next year's reauthorization of the Transportation Equity Act for the 21st Century, known as TEA–21.

We are planning for this to be the first in a series of hearings on this subject to be held by the Committee, and also by its Subcommittee on Housing and Transportation, and I look forward to working with Senator Reed, Chairman of the Subcommittee, and Senator Allard, the Ranking Member of that Subcommittee, and all of my colleagues on the Committee as we move forward with the reauthorization process.

I am pleased to welcome our witnesses this morning. We are very interested in their outlook for the future. As a Member of this Committee, I have been closely involved in the last two reauthorization cycles when we passed the landmark Intermodal Surface Transportation Efficiency Act, ISTEA, and its successor, TEA–21.

ISTEA in 1991 broke new ground for the surface transportation program. It placed an emphasis on a sensible balanced framework designed to embrace all modes of transportation. It was also designed to give communities great leeway in developing transportation solutions that would best meet their needs.

TEA–21 built on this framework, but it went beyond and established budgetary guarantees that provide transit agencies with a reliable funding stream on which to make their decisions.

These transit investments are paying off in increased ridership, economic development, community revitalization, and improved quality of life.

According to recently released estimates, since 1995, ridership has increased by 23 percent, growing faster than the population, which has gone up 4½ percent, faster than highway use, at about 12 percent, and faster than domestic air travel, at 19 percent.

Transit systems have brought economic returns to their communities, provided crucial links between home, jobs, school, and doctor's offices, for millions of people who may not have otherwise been able to participate.

It also established an enviable record in responding to the September 11 attack. On that day itself, transit systems all over the country ran extra trains and buses in order to meet the pressing transportation needs.

We are going to hear first from U.S. Department of Transportation Secretary Mineta. And we are very pleased, Mr. Secretary, that you are here with us. Then we will hear from a panel, which will include the head of the transit system in Salt Lake City, John Inglish, who will report to us on his agency's success in meeting the unique transportation challenges the Olympics posed for them.

Success stories like that, though, bring new challenges. Obviously, there is tremendous demand for transit projects. Many existing systems are reaching their capacity as ridership has grown far beyond what the systems were originally designed to handle. So we may face a capacity crisis in the near future, and we need to provide assistance to communities as they develop their infrastructure investment.

We are looking forward to this hearing, and others to follow, which Senators Reed and Allard will be developing as we move through this year.

The existing authorization expires on September 30, 2003. And so, presumably, the actual reauthorization task will be before us in the first session of the next Congress. But this is a very large and important subject and we think we should get started on it early, so that everyone that is interested in it can begin to formulate their ideas.

The last time we were able, in the end, to come forward with quite a broad consensus on what should be done. We would like to do the same thing this time, if it is possible.

With that, I yield to Senator Bennett.

STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman. I will say in advance that I have to go to a Subcommittee hearing in the Appropriations Committee, a Subcommittee of which I am the Ranking Member. So, I need to be there and I apologize in advance for the fact that I will have to leave after my opening statement.

Mr. Secretary, at one point in my career, I was charged with helping the Secretary prepare his testimony for just such an event as this.

[Laughter.]

And remember the long nights in advance of that. So, I have gone through your testimony with more than the usual interest, to see how well they are still doing it in my old shop.

[Laughter.]

I appreciate the depth of your formal statement and the focus that you are putting on mass transit, and I appreciate your kind comments about the Olympics.

Nothing begins *de novo.* Everything is a follow-on from whatever went before. The transportation problems at the Atlanta Olympics

were quite significant. We in Utah learned a great deal from Atlanta. Indeed, we had some institutional memory carry-over from the Atlanta transit people who worked with us in Utah. And John Inglish will undoubtedly have more to say about that.

But the institutional memory that your Department had that carried over into that situation was also very helpful. And I have to pay tribute to you and your predecessors in the Clinton Administration for the work that they did to see to it that we looked as good as we did in Salt Lake City. It is nice to take the credit for what happened in Salt Lake City, but we must acknowledge that there were many who went before.

And Mr. Chairman, in that context, I have to acknowledge that, as I worked on this issue in the previous bill, that Senator D'Amato from New York was enormously helpful. You do not normally think of a New York Senator being that concerned about problems in transit in Utah, but he was, and it demonstrated the kind of attention to the future challenges that you demonstrate by holding this hearing early and getting started early.

We think of transit as a local situation tied to a particular city. But as the Olympics demonstrated, there are always national implications that come out of transit. I remember somebody once asking, why should I as a Utahan care about transit in Washington, DC, as we were talking about the subway and the Metro here in Washington?

The answer clearly is that decisions are made in Washington that affect everybody. If Washington is faced with gridlock, the rest of the country will feel it. And that could be true of mass transit at any of our port cities. If there is gridlock in that city and the work that affects interstate commerce coming out of that city is affected by that gridlock, why, we all feel it. This is an enormously important subject. DOT has demonstrated a continuing accumulation of institutional wisdom on the subject.

I want you to know how grateful we in Utah are for our moment in the sun on this issue. But I should point out that it is not just Olympics-related. Your Department has recently given us a full funding grant agreement for an extension of the very successful light rail program in Utah to the University of Utah Medical Center. That has nothing whatever to do with the Olympics, but it is a demonstration of the determination you have to finish a system.

Indeed, as the country grows, the systems never get finished. There is always a new growth area, a new challenge, a new place that needs to be served.

Again, Mr. Chairman, thank you for holding the hearing this early, getting started this early. Thank you, Mr. Secretary, for all you have done. I will do my best to conclude my other business and get back in time to hear the other panel.

Chairman SARBANES. Thank you very much, Senator Bennett. I think it was a good hour for the Committee when we responded to that Salt Lake City challenge and working with the Department, we were able to move that forward.

I am interested to hear about the extension now out to the Utah Medical Center, which actually, as I understand it, is the regional medical center for the Rocky Mountain States.

Senator BENNETT. That is correct. The University of Utah and its sister institution, primarily Children's Hospital, serves as many as five States. And the primary Children's Hospital, or Medical Center now, as it is officially called, when I grew up with it and when my mother was in charge of it, was called the Primary Children's Hospital. But it serves indigent children from I think five different States and is the only facility in the Intermountain West that provides some of those services. So transit to that area is important.

Chairman SARBANES. Senator Reed.

COMMENTS OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman. I want to welcome Secretary Mineta. I had the privilege of serving with him in the House of Representatives. He is not only a splendid public official, but also a splendid gentleman. Thank you, and good to see you here, Norm.

Thank you, Mr. Chairman, for holding this first in a series of hearings, which I am pleased to work with you and Senator Allard on, as we reauthorize TEA–21.

TEA–21 has been a great success. It has, as the Chairman indicated, increased ridership across the Nation. It has allowed businesses to move employees to their businesses more effectively and efficiently. It has been a great success. But success has also generated more expectations in the next round of reauthorization.

In my own home State of Rhode Island, TEA–21 has been instrumental in providing additional buses, better facilities, all the things that help our transit system work, and that are, in fact, indispensable to our transit system.

Earlier this week, I had a chance to visit the MTA in New York City and look at a major system that is impressive not only for the volume of its passengers, but also for its ability to cope with the devastating attack of September 11.

As we have all indicated, we have a continuing obligation to modernize our transit systems, to ensure that they provide efficient transportation for our economy and our citizens. The tremendous flexibility of TEA–21 and ISTEA has given us more opportunities and we have taken advantage of them.

The other aspect that we address here is not just the reauthorization process, but also continually looking for additional resources to fund these programs.

They work. They are efficient. They are productive. We all want to support them. We hope through this series of hearings we can find more creative ways to ensure that transit in the United States is properly supported.

Thank you, Mr. Chairman.

Chairman SARBANES. Very good. Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, thank you very much for holding this hearing. I would like to also welcome Secretary Mineta, and I am looking forward to hearing his comments.

I am pleased that the Banking Committee is beginning to lay the groundwork for TEA–21 reauthorization. I believe this hearing is an important first step.

Although mass transit may be one of the least discussed of the Committee's issues, it is among the most important in my way of thinking.

As cities grapple with growth and other matters, transportation is inextricably intertwined in the debate. Attempts to address affordable housing and land use or jobs are useless unless citizens also have a way to get from home to work or to recreational areas.

TEA–21 has given Congress a framework in which to address America's transportation needs. As Congress begins to examine a new bill, we must consider the successes of TEA–21, which I believe are significant, as well as which areas should be improved.

Within transit, one issue which will no doubt receive a great deal of attention is the required match. We have seen a rapid commitment of the money available under TEA–21. Therefore, we must examine whether the 20 percent match is too low. We must also reexamine the selection process. We should ensure that only the most worthy projects are funded.

Another priority for me is increasing access to transit funding. Transportation has become a critical issue for many Western and Southern States due to years of incredibly rapid growth. In fact, my State of Colorado is currently the third most rapidly growing State in the Nation and the large population increase has moved transportation to the top of its list of priorities.

As States struggle with transportation policy, many are examining ways to effectively utilize mass transit. Mass transit can help reduce traffic congestion and air pollution, as well as increase access to jobs.

Unfortunately, some States are having difficulty obtaining a fair share of the funding necessary to create effective transit systems. There are a number of Federal transit funding programs. However, taken together, they direct the lion's share of funding to a small number of States and cities.

This system fails to recognize the urban growth in this country is occurring in the West and South. If Federal programs are going to be effective, they need to shift with the times. The high-growth regions of the country are going to have the greatest justification for new mass transit dollars. This is why I sponsored an amendment to TEA–21 that would have required all additional funding for the Fixed Guideway Modernization Formula Program and the New Starts Program to be distributed entirely to new systems.

While I was not completely successful, I was pleased that the final TEA–21 transit provisions made a first step toward providing greater equity for those areas of the Nation experiencing the greatest degree of population growth.

As Ranking Member of the Housing and Transportation Subcommittee, I look forward to the opportunity to work with my colleagues on the Committee and the Administration to ensure that rapidly growing cities have their fair share of mass transit funding. Transit can play an important role in addressing the Nation's critical transportation needs.

I would like to conclude by welcoming the witnesses to today's hearing and I am especially pleased to have you here, Secretary Mineta, to join us in this important discussion. Your views will be

helpful as the Committee continues its reauthorization work. I look forward to your testimony.

Thank you, Mr. Chairman.

Chairman SARBANES. Very good, Senator Allard.

Senator Stabenow.

COMMENTS OF SENATOR DEBBIE STABENOW

Senator STABENOW. Thank you, Mr. Chairman, for holding this hearing on our Nation's mass transit needs. I have a complete statement that reflects the needs of Michigan that I would like to include in the record.

Chairman SARBANES. It will certainly be included in the record.

Senator STABENOW. Thank you.

And I would like to also indicate that it is important that we are doing this hearing.

While the fallout from the Enron situation is extremely urgent, we must also focus on other critical issues before the Committee. So, I want to thank the Chairman and I am looking forward to working with all of the Members of the Committee as we craft a strong mass transit title to the upcoming TEA–21 reauthorization in the next year.

I want to welcome the Secretary. It is wonderful to have you before the Committee. We certainly appreciate your leadership and commitment.

Mr. Secretary, as you know, Michigan is known as the automobile State. We are very proud to drive and to sell wonderful automobiles. However, Michigan also has tremendous mass transit needs. In the year 2000 alone, Michigan buses carried over 91 million passengers. There are bus systems operating in every one of Michigan's 83 counties, from urban Wayne County to rural counties in the Upper Peninsula. So despite covering all counties, servicing many areas is minimal, creating a real hardship for working families who cannot afford to own a car.

This is why I am so pleased to be here as we are beginning this important discussion. I look forward to working with you as we address the mass transit needs of Michigan and of our communities throughout the country.

Chairman SARBANES. Very good.

Senator Bunning.

COMMENTS OF SENATOR JIM BUNNING

Senator BUNNING. Thank you, Mr. Chairman.

I would like to thank you for holding this very important hearing and I would like to thank our witnesses for testifying today. I would especially like to thank my good friend, Secretary Mineta, for testifying today. I had the pleasure of serving with the Secretary in the House.

It is good to see you, my good friend.

We face in Kentucky many of the same challenges that the country faces as far mass transit is concerned. We have many rapidly growing areas in our State. But we also face the challenge of rural transportation.

We are also a little unique because we are a State surrounded by rivers, with metropolitan areas on each side of the river. Many

people live on one side of the river and work on the other. In other words, we have the problem of interstate transportation. It can be difficult getting a great number of people over the bridges when they all want to drive their own cars. I would urge you to take a look at our projects when they come before you. Any help you can give us would be appreciated.

I look forward to the testimony of all of the witnesses and I thank all of you for coming before us today.

Thank you.

Chairman SARBANES. Thank you, Senator Bunning.

Senator Corzine.

COMMENTS OF SENATOR JON S. CORZINE

Senator CORZINE. Thank you, Mr. Chairman.

I welcome Secretary Mineta. It is always great to be with a man of character and vision that he has shown with regard to these issues throughout his career.

As a Member of both the Banking Committee and the Environment and Public Works Committee——

Chairman SARBANES. You may write this bill single-handedly before we are finished.

[Laughter.]

Senator CORZINE. And active in both mass transit and highway needs, I look forward to being a part of that flexibility between the two modes. It is absolutely vital, I think, for our Nation's economy, for the health of our citizens. The environmental benefits that come from mass transit are untold and we have much to do here.

As you know, Secretary Mineta and Mr. Chairman, New Jersey is the most densely populated State in the Nation, and while it is not growing at some of the rates of some other parts of the country, it is still a very rapidly growing State in numbers of people and mass transit is absolutely vital. We found that out post-September 11, more than almost any place, both by reverse commuting and the commuting patterns into Manhattan that are so self-evident from the interlinking of our region.

The needs were great before. As a former 25 year commuter into New York City, I can promise you, neither the roads nor mass transit are convenient ways to get in and out of New York City. There is much to do.

You all have been great in the past in supporting things like the Hudson–Bergen and the Newark–Elizabeth Light Rail. But we have other major projects that I know we need to speak about, and I have those outlined in my prepared statement, Mr. Chairman.

But I look forward to working particularly to adding to a new tunnel under the Hudson River that will break down many of the roadblocks that we have as region. Not just the State of New Jersey, but as a region. I look forward to working with the Committee, my colleagues, and people in the Transportation Department about these subjects in the days and weeks ahead.

Thank you.

Chairman SARBANES. Good.

Senator Crapo.

COMMENTS OF SENATOR MIKE CRAPO

Senator CRAPO. Thank you very much, Mr. Chairman.

I too welcome the opportunity to be with you here in this hearing and thank you for the attention. I welcome all of our witnesses here with us today.

I did have the opportunity to serve in the House with our first witness, Secretary Mineta, and appreciate the chance to work with you now in your current position.

Mr. Secretary, I think you are doing an outstanding job and I look forward to working with you as we continue to develop our transportation policies in this Nation.

I also have the privilege of serving on both the Banking Committee and the Environment and Public Works Committee, so I will be involved in this matter at all levels, as far as the proper transportation issues in our Nation.

I want to just associate my opening statement today with some of the comments made by Senator Allard with regard to the burgeoning needs for attention to mass transit in the west.

Idaho is one of those States where we have a lot of roads. In fact, there are many places in Idaho where you cannot get there from here, and we do not want you to be able to get there from here. We do not want roads there.

On the other hand, there are a lot of parts of Idaho that are running into the need for serious attention to mass transit. And the urban issues in Idaho are also becoming very critical, as well as the rural issues that Senator Bunning mentioned as well.

I just wanted to thank you for being here and your attention to these issues and to remind everybody that we do need to look at these types of issues that traditionally, we have only associated with the East Coast and maybe some of the other more populated centers in the country, but which are now becoming very critical to places like Idaho and Colorado and other parts of the West.

Thank you very much, Mr. Chairman.

Chairman SARBANES. Thank you.

Senator Miller.

COMMENTS OF SENATOR ZELL MILLER

Senator MILLER. Thank you, Mr. Chairman.

Mr. Secretary thank you for being here and the great job you do and have done.

I have an opening statement that particularly relates to the situation in Georgia and I am going to ask that it be made a part of the record.

Chairman SARBANES. It will certainly be included in the record.

Senator Dodd.

STATEMENT OF SENATOR CHRISTOPHER J. DODD

Senator DODD. Thank you, Mr. Chairman.

I would just share some thoughts on this and I welcome my friend and colleague. We arrived the same day in Congress 27 years ago.

Secretary MINETA. No, do not say it.

[Laughter.]

Senator DODD. Norm Mineta and I did.

[Laughter.]
He looks like he did 27 years ago.
Chairman SARBANES. He tells stories on you, Mr. Secretary.
Senator DODD. I can tell stories on him.
Chairman SARBANES. You can tell stories on him, yes.
[Laughter.]
Senator DODD. This is a mutually shared destruction here.
[Laughter.]
We will leave it at that.
Secretary MINETA. That is right.
Senator DODD. The cold war may be over, but——
[Laughter.]

But Norm is doing a great job. He did a great job in the House. And as our colleagues who served with Norm already pointed out, working with him on these issues, and your knowledge of these issues, of course, as a result of your work on the Commerce Committee over the years there, just brings a wealth of information to this issue.

We have some wonderful witnesses who will be appearing, so I too want to thank you, Mr. Chairman. I think what Senator Stabenow said here, we all know these other issues that are out there that are compelling and commanding of a lot of attention.

But I will tell you that, probably all of us met with our mayors who were down here recently. Every January I go around my State and meet with my local officials and mayors just to get a sense of what they think the important issues are when we get to consider the budget process.

I will tell you, Mr. Chairman, this was the dominant issue of yesterday's discussion. And it wasn't just my mayors in West Port, Connecticut, or talking with Dan Milloy from Stanford or in Bridgeport, where those of you who follow or travel between New York and Boston are very familiar with what Route 95 can look like. It looks like a parking lot. It is a huge issue to people in my State, all over, even smaller communities.

So while Enron and related matters may be grabbing the headlines, when you start talking to local people and municipal leaders, transportation issues are what they want to talk about.

I found it tremendously heartening to listen to my colleagues here from Colorado, Kentucky, and Idaho, sharing exactly the same point. I think we have the makings here of a policy that can really be helpful to everyone.

We too often in the past have been in competition as to whether or not it is highways or mass transit. If you are in Kentucky in a small town and you have a transportation system other than a highway, it is a transit system. And we talk about transit systems now to address their needs.

But I think it is very important that we build on the idea, as Senator Crapo said, that these issues now transcend East and West Coast, and large urban areas where we have historically talked about them.

Denver has legitimate issues, as Boise does, as does a smaller town in Kentucky or what I suffer and go through on Route 95 along the shoreline of Connecticut that many of my colleagues are familiar with.

So this is an extremely important issue. And as we look at ways to have complementary systems, and as Senator Corzine pointed out very appropriately, in what we learned on September 11, and the immediate events thereafter, as airlines became a problem immediately, people flocked to Amtrak, to intermodal systems and so forth. We realized the importance of how all of these systems can compliment each other, not as competitors, but as complementary systems.

And our job as policymakers is not to sit here and necessarily be arguing and fighting with each other over scarce dollars, but how do we work in a way to see to it that that person who lives in Lexington, Kentucky, or Boise, Idaho, or some small town in Colorado, has the same opportunities that a constituent of mine does in Stanford, Connecticut, or a small town in my State, or in the New York area, as Senator Corzine has pointed out.

So this is extremely important. There are a lot of matters that will get our attention. But I can tell you that this piece of the Banking Committee's jurisdiction on these issues is extremely important and I welcome the opportunity to have our witnesses and to listen to their ideas and submit some prepared remarks, Mr. Chairman, to you.

Chairman SARBANES. The remarks will be included in the record.

We have been joined by Senator Akaka. Did you have any comments?

COMMENTS OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Yes. Mr. Chairman, I want to welcome our witnesses. It is especially good to see my dear friend and my buddy, Norm Mineta, and former colleague from the House. It is good to have you here this morning.

Norm, you have faced an extremely challenging job in the aftermath of the September 11 terrorist attacks. I want to thank you for all of your leadership, which has been tremendous, and your hard work to improve aviation security and restore public confidence in air travel.

As you know, I travel a lot by air and I know what I am talking about when I say that there has been improvement in aviation security. You have done an outstanding job. The public is once again taking to the skies because of that.

Mr. Chairman, I appreciate your holding this hearing on Federal transit programs. It is imperative that we begin to address the reauthorization of the Transportation Equity Act for the 21st Century. We have many issues to consider. Among them, the demand for transportation of all kinds, balancing environmental protection, and the availability of funding for these priorities.

Again, Mr. Chairman, I thank you very much for having this hearing and welcome again, Mr. Secretary.

Chairman SARBANES. Thank you.

Senator Schumer.

COMMENTS OF SENATOR CHARLES E. SCHUMER

Senator SCHUMER. Thank you, Mr. Chairman.

I know this is the first of a long process and I welcome participating. I want to thank our Secretary. We served together in the

House for many years and are good friends. And I have to thank you publicly, Mr. Secretary, for your help since September 11. You and your agency have been stalwart in our hour of need and I thank you for that.

I would just like to make three quick points. First, the transit part of the ISTEA and TEA–21 bills have been a huge success. Over the past 6 years, transit ridership has grown by 23 percent. The population has grown by only 4.5 percent. And I believe that ISTEA and TEA–21 are making that huge difference. I think we should not screw it up now. We are on the road to really helping things out.

Second, I would say the needs across the United States are great. I heard my friend from Connecticut, Senator Dodd, mention that, and Senator Corzine. Mass transit is very important in smaller towns and cities and in Upstate New York as it is in New York City. Of course, in our large cities it has huge needs. And just as our friends from rural areas talk to us about agriculture and conservation, we have to talk to you about mass transit. It is a particular need in urban areas where we need help.

Third, and finally, I have great respect for our former colleague, Senator Moynihan, who was so active in this area, as well as so many others, I think that we should try to have a benchmark, a goal. I think we should make an aggressive case, Mr. Chairman for doubling the Federal investment in mass transit in this proposal. It works, it helps, and I will be making the argument that we should do just that.

So, I thank you, Mr. Secretary, and you, Mr. Chairman, for beginning this hearing in a very timely fashion and look forward to working with all of the Members of the Committee and the Senate, as we move forward on ISTEA and TEA–21.

Chairman SARBANES. Good.

Senator Gramm.

STATEMENT OF SENATOR PHIL GRAMM

Senator GRAMM. Well, Mr. Chairman, thank you very much. I am sorry. I was over talking about terrorism insurance in a long and sad meeting. So, I could not get over here.

Norm, we are glad you are here.

I want to raise an issue that I am concerned about, and that is this issue related to the contract to run the mass transit in Boston with Amtrak. I do not know how familiar you are with it, but let me just give you the short history on it. Until 2000, Amtrak had the contract. Then, there was a competitive bid as required by law. They were the high bidder. They were evaluated by the evaluation process as the least qualified bidder. The low bidder was $116 million below Amtrak. But what happened then was the broadest interpretation of Section 13(c) that had ever come forward.

The new contractor was required to honor all the old work rules, and to hire all the same people or to pay them 7 years severance pay up front. As a result, the agreement was destroyed. To this day, the same contractor is doing the work that lost this competitive bid and was the high bidder and low-quality bidder.

It all comes down to the interpretation of Section 13(c). I know these things are easy for somebody to sit up here and complain

about and they are very hard to do something about. But the plain, honest truth is that we have let feather bedding in contracts that were really aimed not at promoting the well-being of people who ride the mass transit and depend on it, literally rob these systems and hold up everybody that uses these facilities.

It is unfortunately true, and some people might view it as a mean statement, but the bottom line is that too often in America today we run mass transit for the benefit of the people who run mass transit—not the people who pay for it, and not the people who ride it, but the people who run it. I would like to ask you Secretary Mineta, to go back and look at this decision. I know we are in the process of looking at having a new bid, but if you are going to employ 13(c) so broadly that you have to pay everybody that works there for the rest of their natural life, then you are never going to be able to modernize this system.

One of our biggest problems with Amtrak, which is a separate issue, other than that they are the contractor here, is we could make passenger rails work, in many cases, in specific parts of the country if we were not saddled with all of these old work rules, and all of these labor requirements that were written in another century, where railroads were vast monopolies that were supported by almost unlimited Government subsidies. So, I think that not only is this important because a lot of people live in Boston that are important to the economy, but also the principle is important.

I want to urge you, Norm, to take a long, hard look at this. It is one thing to enforce the law as it is written, it is another thing to use the law to prevent the very things we all claim we are for. And the thing that I would assume almost every Member of Congress would say they are for is competition, competitive bidding. So if you would look at that, I would appreciate it.

Thank you, Mr. Chairman.

Chairman SARBANES. I do not want to debate that issue, but let me just say, we did hold hearings in this Committee on that very subject. We had people at the witness table about it. It is a very complex issue. I do not think the equities are as completely one-sided as has just been set out.

Senator GRAMM. They are clear to me, but I know that they are not to everybody.

[Laughter.]

Chairman SARBANES. Yes. You might look at the transcript of that hearing, Mr. Secretary, if you go back to look at it.

We are pleased that our first witness this morning is the very able Secretary of Transportation, Norm Mineta. Secretary Mineta started his public career as a City Council Member in San Jose. He then became the Mayor. He was an early supporter of transit in the Silicon Valley.

From 1975 to 1995, he served as a very distinguished Member of the House of Representatives, where he eventually chaired the House Public Works and Transportation Committee. Earlier in 1989 to 1991, as Chairman of the Subcommittee on Surface Transportation, he was a key player in developing the ISTEA legislation.

The Secretary then left the House of Representatives, became a Vice President at Lockheed Martin Corporation. He came back into Government service as Secretary of Commerce in the previous Ad-

ministration. And President Bush, with a good display of judgment, nominated him to be the Secretary of Transportation in this Administration.

As Members have indicated, all of us have had a very good working relationship with the Secretary. He now heads a Department with 100,000 employees, almost a $60 billion budget. So the Transportation Department is a big actor in the Federal system.

Mr. Secretary, we are pleased to have you here. We would be happy to hear from you.

STATEMENT OF NORMAN Y. MINETA
SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

Secretary MINETA. Mr. Chairman and Members of the Committee, thank you very much for, first of all, your leadership in having this early start for the reauthorization of TEA–21, and for this opportunity to share some thoughts with you today about the public transportation provisions of the Transportation Equity Act for the 21st Century, now known as TEA–21.

All of us at the Department of Transportation and throughout the Bush Administration look forward to working with the Members of Congress and the Members of this Committee in shaping proposals for the reauthorization of this important legislation.

Today, America's transportation sector faces a period of not only extraordinary challenge, but also of extraordinary opportunity. As all of you are so very well aware, the horrific events of September 11, as well as the ongoing process of recovery and rebuilding, have reaffirmed the critical importance of our public transportation systems to the security of every American and also to our Nation's economic well-being.

Shortly after September 11, the Federal Transit Administration, under the very capable leadership of Administrator Jennifer Dorn, launched a major security initiative, working with transit agencies across the country, to identify high-risk, high-consequence assets and to determine how best to mitigate those risks.

This new security initiative, added to the overwhelming success of the transportation systems supporting the 2002 Winter Olympics just this last month, moving record numbers of users to and from multiple venues over a 17 day period without a serious security incident.

Mr. Chairman, your Committee wisely begins the reauthorization process by looking to the lessons of TEA–21.

TEA–21 strengthened our transit systems in five distinct areas. First, stability, equity, and flexibility of funding. Second, safety. Third, mobility and system upgrading. Fourth, the application of innovative technologies. And fifth, improving the quality of life.

This morning, I will touch very briefly on some of these points and I would like to ask unanimous consent, Mr. Chairman that my written testimony be made a part of the record.

Chairman SARBANES. Without objection, the full testimony will be included in the record.

Secretary MINETA. TEA–21 revolutionized transportation funding and authorized record levels of investment for transportation. The minimum guarantees and the budgetary firewalls have created con-

fidence among grantees regarding Federal funding, an extremely important aspect of program delivery for State and local officials.

Just as importantly, the funding flexibility that Congress first incorporated in the Intermodal Surface Transportation Efficiency Act of 1991, ISTEA, and then continued in TEA–21, allows State and local decisionmakers to consider a variety of transportation choices to meet the unique needs of their local communities. Indeed, over $7.7 billion has been transferred from Title 23 programs to public transportation programs, providing critical resources to supplement the basic public transportation authorization levels.

Now the dramatically increased funding levels of TEA–21 have improved America's mobility by upgrading the condition of our public transportation systems, and as a direct result, public transportation, as has already been pointed out, has increased by over 21 percent since 1993, and has the fastest growth rate among all forms of surface transportation.

In short, the programmatic and financial initiatives of ISTEA and TEA–21 provide a solid foundation upon which we can build reauthorization legislation. However, we have an opportunity, indeed, an obligation, to do even better. And so, as we move forward with reauthorization, I have asked our team at the Department of Transportation to adhere to certain core principles and values.

First, we must continue to assure adequate and predictable funding for investment in our Nation's surface transportation system.

Second, we must preserve funding flexibility to allow the broadest application of funds to the best transportation solutions as identified by our State and local partners.

Third, we must build on the intermodal approaches of ISTEA and TEA–21.

Fourth, we must expand and improve the programs of innovative financing in order to encourage private-sector investment in the transportation system and look for other inventive means to augment existing revenue streams.

Fifth, we must emphasize the security of the Nation's surface transportation system, by providing the means and the mechanisms to perform risk assessment and analysis, incident identification, response, and, when necessary, evacuation.

Sixth, we must continue to make major improvements in safety.

Seventh, we must develop and deploy innovative technology, fostering "intelligent everything" in surface transportation.

And finally, we must simplify Federal transportation programs, continuing efforts to streamline project approval and implementation and focusing on the management and the performance of the system as a whole, rather than on its "inputs" or component parts.

Mr. Chairman, we at the Department of Transportation look forward to working with Members of this Committee, with both Houses of Congress, with State and local governments, with tribal governments, and with other stakeholders in shaping this very important surface transportation reauthorization legislation.

This is a moment of great opportunity and we must not let it pass us by. I am confident that by working together, we can build on the lessons learned from ISTEA and TEA–21 to develop reauthorization legislation that will best serve the American people.

Again, Mr. Chairman, thanks to you and to the Members of this Committee for this opportunity to share some thoughts with you and I look forward to the questions you will be directing to me.

Chairman SARBANES. Thank you very much, Mr. Secretary.

What is your projected timeline for developing reauthorization legislation? Has the Department developed at least a preliminary timeline on that?

Secretary MINETA. Yes, sir, we have. As I indicated, I have already put our team together, so that we will be during the course of the year not only doing it internally, but also reaching out to Members of the House and Senate, to stakeholders across the country, in order to be able to have legislation and submitting it to you by February 2003. We hope to do it in the early part of next year.

Chairman SARBANES. So, you anticipate that right at the beginning of the new Congress, we would be in a position to receive proposed legislation from the Administration.

Secretary MINETA. That is what I am intending to do.

Chairman SARBANES. Yes. Very good. Now on the core principles, I want to ask this question. Will the Department stick to what I regard as a very important core principle, that the matching share on transit and highway programs should be the same?

Of course, there is a lot of demand for highway programs. There is a lot of demand for transit programs. There is limited money. So people are saying, well, if you required a bigger match locally, and therefore, less Federal money, we could do more projects. Of course, that throws a burden on State and local people that they may not be able to carry.

There have even been some Members of Congress who have been trying to insist on that, even though, in my view, the current law is very clear that it is an 80/20 percent arrangement. And I think that is the Department's perception of the existing law.

There are two questions.

One is, do we stay at 80/20? And one would have to argue in terms of Federal and State sharing of responsibility. The other question, though, is, in a sense, regardless of what the percentages are, do you keep them the same across the different modes of surface transportation so that local and State people trying to make their transportation decisions are not led to pick a particular mode of transportation because they get better funding.

We work very hard to equalize that situation and I think it is a very important dynamic in this whole picture. I wonder if the Department has any view on that issue at this point.

Secretary MINETA. Mr. Chairman, from my experience in local government, in ISTEA, that was one of the basic principles. You recall, highways used to be 90/10, transit was 75/25. The problem was this whole issue of local officials saying, how much do I get back with the least amount of money that I lay on the table? So it drifted to 90/10 rather than on the 75/25 side.

However, in ISTEA, one of the things that many of us pushed for was to make it 80/20, so that decisions were being made on what was the best transportation solution, rather than where do I get back the most money for the money I put on the table?

As we look at the experience of both the highway program and the transit program through ISTEA, TEA–21, and when you look

at all of the monies that are being invested by local, State, and Federal resources in the highway program, or you look at the resources being invested in the transit side from, again, local, State, or Federal resources, even though the law may say 80/20, it is in reality, in terms of historical experience now, closer to the 50/50 level.

Now part of this is because of the fact that in terms of the arguments that have been put forth in the past about devolution, that what we are really trying to deal with is allow the maximum flexibility to the localities to determine what is the best solution for themselves. As long as we have this flexibility component in there, and given the nature of the more sophisticated transportation planning and the thought that goes into projects today, people are not looking at where the greatest returns are, but what will be the best solutions in terms of our transportation problems.

So I think that, regardless of what the percentage is that we are experiencing in terms of, let us say, even the transit grants today, that local transit agencies will say, well, part one, we will do 100 percent locally; and then, part two, we want Federal participation; and part three, we want Federal participation. But when you take a look at parts one, two, and three, the overall in terms of our own experience has been drifting down well below 60/40, edging toward 50/50.

Again, I think that because of the other part of the process, in terms of earmarking not only the project, but also the dollars, which reduces our discretionary ability to determine where those monies will go. So, we become mechanical functionaries in terms of what projects are funded and where the money goes because of the earmarking that we find in either authorizing or appropriating language.

Chairman SARBANES. It is one thing if the local people want to add on with a free judgment. It is quite a different thing if we break this linkage of the percentage amongst the different modes of surface transportation, so that the Federal Government, in effect, is putting a weight into the scale of the local decisionmaking.

And frankly, one of the reasons you are getting these add-ons and the additional commitment out of the local level is because, at the Federal level, we have evened up the percentages between highways and transit. Whichever way they go, they are going to share it on the same basis. Then that turns them loose to make their own judgments in terms of what best suits their transportation needs. So it is very important that we not break that level playing field that we established with the ISTEA legislation and carried through in TEA–21.

Secretary MINETA. I think the other part of it is just that, even though there has been a tremendous increase in amount of funding that is available for transit, the needs are getting much larger.

Chairman SARBANES. I want to ask you how much more you were going to expand the program, but that is another subject.

Secretary MINETA. Those are the things that we are going to have to be determining within the Administration. We haven't decided yet in terms of the whole issue of what the criteria will be in terms of projects in the future.

There are a number of issues that we still have to think about as we formulate the reauthorization legislation. But I think that the more important issue is that of flexibility, to make sure that we still are able to direct the monies where the localities want them to be.

Chairman SARBANES. Well, my time is expired.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

As I mentioned in my opening remarks, I want to ensure that rapidly growing areas such as Denver have greater access to Federal mass transit dollars. Do you have any suggestion as to how we can improve access for these cities?

Secretary MINETA. The basic principle that we work on at the Department of Transportation is need. But, again, even in terms of need, I think there are certain core principles that we like to look at. Let me go over some of the various ways to address those needs.

First is based on maintaining existing transportation systems. Second is by developing new transit systems in areas experiencing rapid growth. Third is in terms of these transportation needs of rural populations that are not currently served by transit systems.

And that was one of the driving influences in our ISTEA legislation. We changed the name of UMTA—Urban Mass Transit Administration—to FTA, Federal Transit Administration, to level that playing field. There was a recognition that it was not just urban and center cities, but that transit was something that was more broadly defined in order to really deal with, again, a basic principle of the Department of Transportation and FTA, and that is need.

Senator ALLARD. I would like to hear your comments on multimodal projects. We are using a multimodal approach in the Denver area, with Colorado's T–REX project, combining highway reconstruction, light rail, buses, and pedestrian features to serve a variety of citizens.

I would like to hear whether you think we should have more incentives to encourage communities to go with that multimodal approach, or is this something that we should leave to a case-by-case basis and see who can best work it out without incentives?

Secretary MINETA. You know, given all of the process in terms of alternative analysis, the environmental impact reports, and the various requirements, I think it really brings to the surface a lot of these needs.

The new project in Colorado, the I–25 project, where we are dealing with both highways and mass transit in one large package, is a good example. The U.S. Department of Transportation, through the Federal Highway Administration and the Federal Transit Administration, working with the Colorado Department of Transportation and the RTD in Denver, have come up with a very comprehensive and good package on the I–25 project. This is something that I look at as a model as to what communities should be doing. So, I commend CDOT and the RTD in terms of what they are doing on the I–25 project.

Senator ALLARD. There has been some discussion, in many different areas, about homeland security. Are you looking at some liability issues as far as transit systems are concerned, as it pertains

to homeland security? What needs to be done on some of the transit systems? Is there a need for renewed focus on transit security?

Secretary MINETA. Absolutely. Right after September 11, working with Mr. Millar and the APTA people, I had a conference call with, I believe, something like 20 of our largest transit districts.

At that time, right after September 11, we were focusing on subway systems. I believe it was mostly subway systems, because of the fear of biological weapons in subway systems.

I had a very extensive conference call with the operators of subway systems to deal with this whole issue of security. But that has been expanded in terms of Administrator Dorn's looking at all of the security interests of transit.

Senator ALLARD. I am particularly interested because we have heard from contractors building large buildings, specifically individuals that have responsibility in stadiums, for example, complaining that either the insurance is not available or that premiums are too high. Will you address that problem as it relates to mass transit systems?

Secretary MINETA. Frankly, the liability insurance issue as it relates to terrorism on transit, has not received the kind of focus that has been on aviation. But I know that this is something that we are looking at as part of the discussion, although the focus right now is on aviation terrorism.

The marketplace is limited by the issue of cost. We have found that in most instances, the marketplace is there, but the cost has gone from relatively small to a lot larger. And the impact on transit agencies, as well as with all modes of transportation, has been extremely large.

Right now, frankly, our focus in on aviation, because of the aviation stabilization legislation that passed by the end of September 2001, in which there was a retroactive liability insurance piece. And so, we have extended that. Right now, it expires on March 20, and I am in the process of looking at this whole issue about extending it, as the airlines are right now trying to form their own insurance company called Equitime, to deal with their own liability insurance issues.

So this is a very active discussion within the Administration right now in terms of terrorism liability insurance. But right now, the focus is more on aviation. But, as I said, we are taking a look at the whole terrorism insurance issue.

Senator ALLARD. Thank you, Mr. Secretary, and thank you, Mr. Chairman.

Chairman SARBANES. Senator Akaka.

Senator AKAKA. Thank you, Mr. Chairman.

Mr. Secretary, you have been talking about TEA–21 and about its reauthorization.

My first question is very simple. What important changes should be considered for the reauthorization? We would like to look and examine what has been in place before with the idea of improving it and eliminating the parts that are not working as well. That is the reason for my question. What do you think are important changes that should be considered?

Secretary MINETA. Well, as I indicated, there are 7 or 8 broad principles that I have outlined in terms of our own DOT team looking at reauthorization.

But just historically, recognizing all of our experience in this area of financing, as it relates to surface transportation, one that we are all going to have to wrestle with, again, I guess, as this whole issue comes up every time we go through reauthorization, and that is the issue of donor/donee stake.

I know that becomes a real crunch in the legislative reauthorization process. That is something that all of us are collectively going to have to work at again.

Senator AKAKA. We frequently, especially coming from Hawaii, talk about projects that come through your Department and about the work that is done there.

You mentioned that the Department wants to fully utilize innovative financing systems in order to encourage greater private investment in the transportation system. My question is, what is the Department considering to encourage more private investment in the transit system?

Secretary MINETA. Again, I think we should be able to build on what was done in TEA–21, with TIFIA financing. There are many opportunities to broaden that, and to continue trying to invest, get private dollars invested, in transportation programs. And we have already seen good examples of utilization of TIFIA financing in various transportation programs.

But I think what we have to do is to find other incentives to again get private sector dollars to join with the public sector dollars to be able to expand, because there may be limited opportunities in terms of increased funding levels.

We think about how much money is going into the Highway Trust Fund, and of course on the Senate floor is the whole issue of CAFE. But as long as CAFE standards are going to go up, that means if we go from, say, 27 miles a gallon to 35, there is less money coming into the trust fund. Or with ethanol, dual-fueled vehicles, hybrid, and all these other things, we are not getting the gas tax revenues.

So, as we look to the future, we really have to think of what other sources are there? Is there a willingness to raise the 18 cent gasoline tax? I doubt it.

Given the 18 cents, what are we going to be doing, because projects are more costly, whether they be highway or transit. And so, we are just going to have to look for other means, other financial resources, to be coming in.

You are probably finding more and more at the local level, doing things that were once unheard of. One of the things that I did in San Jose as Mayor was to institute a fee on construction of homes. That was to take care of sewer fees, transit, schools, and a number of things.

At the time, it was $2,700 a home in San Jose. And we were building probably upward of 60,000 units a year. Those are single-family dwellings because of the growth of Silicon Valley. That growth has subsided. But I understand that single-family homes today in San Jose have fees approaching $30,000 a home. I think

more and more localities are probably going to have to do things like that.

It also adds to, I guess you might say, the smart growth in terms of many areas. It also depresses what kind of housing gets built, both from single-family to more dense housing. And that is when transit opportunities come in. That is why provisions like CMAQ, transportation enhancements, JARC, all of these flexible provisions that were innovative in ISTEA and TEA–21, where they have to be continued in our reauthorization legislation.

Senator AKAKA. My time has expired, Mr. Chairman. I want to thank the Secretary for his responses.

Thank you.

Secretary MINETA. I might also add, Mr. Chairman, that I think Alaska and Hawaii are unique because of the nature of their transportation systems.

I remember struggling with Senator Akaka when he was a Member of the House on H3 and the battle we had on that one. But you were persistent, you were visionary, and you stuck to your guns. And now everyone has the advantage of H3. I think there are other opportunities like that for Hawaii in the future. So, I look forward to working with you, sir.

Senator AKAKA. Thank you. I do, too.

Thank you, Chairman Sarbanes.

Chairman SARBANES. Things are looking bright for Hawaii here this morning.

[Laughter.]

Senator BUNNING. They always have.

[Laughter.]

Chairman SARBANES. Senator Bunning.

Senator BUNNING. Thank you.

Mr. Secretary, this question has very little to do with transit, but I figured, now that we have you here, I will ask it.

I would like to know why the Highway Trust Fund dollars in the States are going to be down so much in fiscal year 2003, so I can explain it to my Governor and the State General Assembly and everybody else who's screaming at me.

Secretary MINETA. Mr. Chairman, next question.

[Laughter.]

Senator, this has probably been the biggest thing to hit us all. Of course, this is known as RABA—the Revenue Aligned Budget Authority. As we look at this whole issue, we were the beneficiaries collectively of an expanding economy. But also, there were provisions in RABA that had the look-forward provision in terms of how we estimate what would be coming in terms of the Highway Act, and also a provision dealing with looking back. And the optimism of looking forward combined with the reality of looking back, with the downturn in the economy, just created for us this year where we have had some, I believe, $8 billion of increased funding, all of a sudden be a negative figure and turned around.

Now, I am working with OMB right now to try to come up with a program so that it doesn't impact as severely on States and localities as we are experiencing. And those discussions went late into last night.

Senator BUNNING. As you know, all the States are having the same huge problems with the reluctance to raise gasoline taxes.

Secretary MINETA. Absolutely. The reality is that is not going to happen. And so, we are working to try to mitigate the impact of RABA, consistent with the principles of TEA–21.

I hope to be able to come to Congress with a proposal in the very near future.

Senator BUNNING. You understand what will actually happen because you were the Ranking Chairman on the Transportation Committee over in the House.

Secretary MINETA. Absolutely.

Senator BUNNING. What we will do is try to make it up in individual projects in our States. And what we do not get in allotment money or percentage money, we will try to put in a $40 million project for a bridge or whatever it might be.

We, in Kentucky, have the Chairman of the Subcommittee on Transportation over in the House, and we have that huge shortfall, $108 million, I think it is, just for Kentucky, in Federal funds, we will try very hard to make that up in other ways.

Secretary MINETA. That is why I am working very closely with OMB right now to try to come up with a program.

Senator BUNNING. We also have a great need in Kentucky, I have three major areas that are looking for light rail.

Of course, when we talk with them about light rail and the implementation of light rail, I am wondering if a newer and better technology is not going to be available by the year 2010, and we are wasting dollars on light rail, putting railroad tracks back into the streets in Louisville, Lexington, and Northern Kentucky, and across the river into Cincinnati.

I wonder if the money for engineering, pre-engineering, and approval of that system would not be better held, or wouldn't be better spent for looking at a better technology than light rail. Is there going to be an advancement?

Secretary MINETA. I am not sure in terms of advancement. But in terms of alternatives, there are a number of things that are being talked about, things like bus rapid transit, in terms of dedicated lanes, being able to——

Senator BUNNING. That is about where we are at in the Northern Kentucky area.

Secretary MINETA. And I think probably, because of the cost differences, there are areas in which bus rapid transit is really a good solution. As the ridership increases, that might then convert to a light-rail system. But at least in terms of the initial steps, BRT may be the kind of flexibility as well as——

Senator BUNNING. The 50/50 cost-sharing puts a damper on some people looking at light rail, at least in the areas that we have discussed it.

Thank you very much for coming.

Secretary MINETA. Thank you very much, sir.

Chairman SARBANES. Senator Crapo.

Senator CRAPO. Thank you very much, Mr. Chairman.

Mr. Secretary, I look forward to working with you on many of the aspects of the reauthorization of TEA–21.

Today, in my questions, I am just going to hit a couple of quick issues. The first one is one where I just want to make you aware of some concerns that have been popping up in my State, and what I expect is happening across the country. And if you have any observations on it right now, I would like to hear them. If not, I would like to see if maybe you could get back to me on a more full answer. I am expecting that you may not have everything at your fingertips right now.

But what I am running into is that when I go to the airports in Idaho and talk to the airport managers, I am getting a very consistent message from them that because of the security requirements that we in Congress and at the Federal level are imposing on them, that they are running into very significant increased costs. Whether it is the 300-foot parking rule that they have to deal with or whatever it may be. And that there is supposed to be Federal funding to help meet these mandates, but it is not flowing.

The question I am getting is in many contexts. I know of two or three airports where I have been in, two of them I have actually set up my own meetings, and one airport where I ran into the airport manager in the airport. In every case, they are very concerned because if they do not get the Federal support for these changes, then it is the city in most cases that is going to have to come up with it through their property taxes or whatever.

And it is my understanding that under the law and under the programs that we have in place, whether it be the new changes that we passed with our security measures following September 11 or existing grant programs, that there is supposed to be Federal money involved to help to meet these mandates.

I guess my question to you would be, with the new Transportation Security Administration, is that the source? Is that where we should look to try to find out what is happening, why the water is not getting to the end of the road? It is some of the existing grant programs or is there a mix of funding sources that the airports should be looking to? And how can we be sure that as we do what we need to in the airports to increase security, that we also do not just drop this on the doorstep of the city governments?

Secretary MINETA. What we are looking to is, frankly, more flexibility in the use of the AIP funds. Airport Improvement Program monies have been used in the past in terms of increased capacity.

Today, and probably for the next couple, 3 years, increased capacity in the aviation system in terms of runways, tarmacs, is really the priority. The higher priority right now is security.

What we are going to be doing—in fact, I think we have already put out the rule on it—and that is that AIP funds will be able to be used for security purposes.

With that kind of broadening of the use of AIP funds, we will be able to address security. On top of that, through the new Transportation Security Administration, we will be assuming, as a Federal responsibility, the security at all of the airports in terms of baggage screening and in terms of the passenger screening. But part of that also is including the assistance to localities.

Now, by May 1, the National Guard will all be pulled out. And so, TSA will be working with all of the airports in terms of con-

tracting with local and State police departments or law enforcement agencies to provide that security.

Senator CRAPO. Well, thank you, Mr. Secretary. I appreciate your attention to this and we will work closely with you to see if we cannot identify the specific sources of revenue that you have given us today and see if we can make that work effectively.

One other quick question to you. And you and I have talked about this a lot, but I want to bring it up to you again. I was concerned last year that the Department made the wrong decision with regard to the long-distance slot coming out of Reagan Airport, taking it out to Seattle as opposed to Salt Lake City. I know that we are getting into some very specific regional issues here, but I felt that the effort to maximize the domestic hub network was much better served by having that slot go to Salt Lake City as opposed to Seattle.

Frankly, we still face that need now in the west and perhaps, rather than get back into the arguments of why it did or did not go to Salt Lake, I just want to raise it with you again that we have an opportunity now with the reauthorization of AIR 21 to maybe address this issue again or in some other context. And I would hope that you would be able to support our efforts to try to get some additional cross-country flight slots put into place out of Reagan National Airport.

I guess my question to you is simply, do you agree that we do need to expand some of that availability out of the Reagan Airport?

Secretary MINETA. Well, since that was determined in AIR 21, I would assume that is an issue that is going to have to be dealt with as we deal with reauthorization for AIR 21 in 2003.

So, again, there are a number of cities like Salt Lake City that would be logical candidates for consideration. But I think that is something that should be considered under the reauthorization in AIR 21.

Senator CRAPO. All right. Thank you. I look forward to working with you on that because, like I say, we really need to maximize our network out west.

Secretary MINETA. What we have right now is set in law by the present legislation and we do not have the flexibility to designate additional——

Senator CRAPO. We thought we had it written so that it would go to Salt Lake City. But maybe we will have to write it a little better next time.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you, Senator Crapo.

Mr. Secretary, thank you very much for coming this morning. As you leave, I just want to plant a couple of thoughts.

First, I have a bill in for transit in the parks. I am moving off the central focus, but the national parks are now overwhelmed with visitors. The cars are in line for hours trying to get into the parks and everything. We are trying to develop this concept where they could go to some marshaling point outside of the parks and be brought in on transit. Some of the parks see that as their only way, in a sense, to survive. We hope the Department will take a look at that legislation and maybe we can work together on something in that regard.

Secretary MINETA. Mr. Chairman, we are working with the National Park Service, the Bureau of Land Management, and some others outside of our own agency to deal with that because we have a study going on with regard to the transit needs in the national parks. Hopefully, we will be able to get that solution for you.

Chairman SARBANES. Very good. I wouldn't give up altogether on trying to get additional revenue source. The public, generally speaking, if you link it to transportation or to education, has been supportive of that. And it seems to me we just have to figure out how to expand the size of this transportation money if we are going to begin to deal with the challenges. But I know that is a very sensitive and complicated issue, so I just leave you with that thought.

Thank you very much for coming today.

Secretary MINETA. Otherwise, my voice would go up five octaves, Mr. Chairman.

[Laughter.]

Chairman SARBANES. Yes, I understand.

[Laughter.]

Thank you very much.

Secretary MINETA. Thank you very much, Mr. Chairman.

Chairman SARBANES. Will the next panel come forward please.

Panel two consists of three representatives from the transit community. We have Bill Millar, President of the American Public Transportation Association. APTA is a nonprofit international association of over 1,400 public and private members, including transit systems, commuter rail operators, planning, design, construction and finance firms, product and service providers, State Departments of Transportation, and transit associations. It covers the whole range. And before becoming APTA President, Bill Millar was the General Manager of the Port Authority of Allegheny County in Pittsburgh.

We have Dale Marsico, who is the Executive Director of the Community Transportation Association of America. CTAA was founded more than 30 years ago. It is a national professional membership association of 4,000 organizations and individuals. Prior to coming to CTAA, Mr. Marsico was the first Administrator for the Brasos Transit District in Eastern Texas.

And then John Inglish, the General Manager of the Utah Transit Authority. Actually, they are one of the largest land mass transit districts in the country. They carry 120,000 riders a day and cover six counties in Utah. They recently built these two light rail systems under budget and ahead of schedule, no small accomplishment. Mr. Inglish has worked at the UTA for over 25 years.

Now, gentlemen, let me outline a problem for you and see how quickly we can move here.

There is a vote scheduled for 11:50. It may drag on a bit. Then there is another vote scheduled thereafter. So if we could get your testimony in, say maybe 5 minutes each—I do not know whether you can do that. I might be able to draw the hearing to a close and then we won't have to keep everyone waiting around for quite some time before we vote.

So if you could do that, maybe we could call you, get your testimony on the record and have time for a question or two, and then

we could let you go. Instead of holding everyone quite far into the next hour.

Bill, why don't we go with you first.

STATEMENT OF WILLIAM W. MILLAR, PRESIDENT
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Mr. MILLAR. Thank you very much, Mr. Chairman. With that in mind, I think I will take my already shortened statement and see if I cannot shorten it a little bit more. Which means, among other things, you will not get to hear me sing my trolley song that is in my main testimony. But we can discuss that a little bit later.

Let me say again how pleased we are to be here and how pleased we are with your leadership. When I heard the opening statements literally go around the semicircle here, I am tempted to say that this Committee is already well on its way to understanding a lot of our needs. And I am very appreciative of that.

We will look forward to working with you and all the Members of the Committee as you do your work and we try to help you put together the next reauthorization bill for public transportation.

As has been stated by so many before me, public transportation right now is undergoing a renaissance. And I was pleased that several of the opening statements included the testimony about the growth of our industry. I certainly will not repeat those numbers, other than to say that we are on an upsurge and we are on an upsurge because public transportation supported by Federal dollars is a much better quality service than it used to be. It is much more available to many more people, and people will use what is convenient in their lives and what makes a difference in their lives.

The TEA–21 legislation, truly a landmark, building on a landmark ISTEA and then TEA–21. Recently, the American Association of State Highway and Transportation Officials and APTA put together a progress report on how TEA–21 was improving transportation options for America. And as part of my testimony, I would like to include that report entitled, "Money At Work,"* in the record.

Chairman SARBANES. It will be included in the record, as will your full statement.

Mr. MILLAR. Thank you, sir. I appreciate that very much.

Of course, it also has been referred to by others, 6 months ago, September 11, we learned a lot of things in this country. Before that, we knew public transportation was a very good way to move large numbers of people and small numbers of people to where they needed to be and work. But on that day in particular, we learned that it was very important for this country to have options to move people away from centers very quickly, indeed. In fact, in New York and Washington and around the country, as you referred, we saw how transit could respond to terrorism. I also bring you a report that we put together after September 11. We surveyed our members to find out exactly how they responded on that day, and I would like to enter this report in the record, "America Under Threat—Transit Responds to Terrorism."*

*Held in Committee files.

When Secretary Mineta made the courageous decision to bring down the planes safely throughout the country, that left many thousands of travelers stranded and public transit in those cities helped them get to where they wanted to go.

Whenever there is an investment made in public transit, very clearly, it results in lots of benefits. The obvious benefits of service available to people to use. Less obvious are the benefits perhaps of the investment itself in the business cycle of our country.

We just yesterday released a new report entitled, "Public Transportation Means Business."* That is part of my testimony as well. In this report, we summarize not only some well-known facts like the multiplier effect, 6:1 return on investment for every $10 million of investment, you also get another $32 million of private business revenue, 310 jobs, et cetera.

Also a point that I think this Committee will be very interested in. When New Jersey builds a rail system, for example, often, the construction is done by a company that is headquartered in Idaho. When Texas cities buy buses, it might be a bus company in Lamar, Colorado, that gets the contract. So while the Federal money would appear to be going one place, the impact of that money tends to go very far and wide.

Let me conclude my statement, really, highlighting what I see as three important points here.

First, the demand is great for investment. We recently added up results from existing studies—we will be doing further refinement of this—and discovered that already published reports show about a $42 billion-a-year investment.

Second, our organization has recently adopted an initial set of reauthorization recommendations which I would commend to you. Basically, we believe that TEA–21 is working pretty well. We really have three priorities: one, grow the program; two, maintain the funding guarantees; and three, streamline the program delivery.

My final point, and I guess the Hippocratic oath says, "First, do no harm." We believe the program is working well. We think there is a need for more investment. We want to work with you to make changes and improvements where warranted, but, basically, we congratulate the Committee on an effort well done.

Chairman SARBANES. Thank you very much.

Mr. Marsico.

STATEMENT OF DALE J. MARSICO

EXECUTIVE DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

Mr. MARSICO. I do not know if I can compete with Bill's time on that. That was, I think, a record.

Chairman SARBANES. Try. Try very hard to do it.

Mr. MARSICO. We chose as part of our reauthorization package which we submitted to the Committee this picture of some American battleships before World War II. We chose that for a couple of reasons and it was before September 11. We chose it because at the time these ships were laid down, Congress did not have the

*Held in Committee files.

money to do a lot of things, because of the Depression and because of other demands.

When we think about TEA–21, I think it is very important that we need to remember that when you created this legislation, we heard that there wouldn't be enough money to do anything in terms of what we have been able to accomplish.

So as you begin this process today, I would say we should go back and look at the record of what people told us that could not be done and weigh that in the work that must be done.

Community transportation and public transportation is not just about miles, investments, and dollars. It is also about people. In our testimony, we did mention a few people who were directly impacted by what changes TEA–21 has brought America.

I want to just mention a few of these, including a young mother who was forced under the Welfare Reform Act to go to work. She lived three miles from her job site. And before public transportation was extended to her community under TEA–21, she had to walk back and forth every day and could not maintain her job during the winter months.

We have numerous stories of America's seniors who are isolated, living in communities with very little public transportation that were often forced out of their homes because they had no good public access. And TEA–21 has addressed that.

We face a major crisis in the rural portions of our country as older people rely on more out-patient medical services, especially dialysis or homebound treatments, and they have no way of getting back and forth because many of the people who are left in rural communities are often older people. Thanks to the investments that are made in TEA–21, we have seen progress in that as well. But there are plenty of unmet needs that we need to look at.

And what we have done in our reauthorization proposal is to say the work that has been done already was good work. We need to find new and innovative ways to expand the public transportation investment that exists in our country.

We put forward some ideas in our plan about revenue, but we also borrowed from the work this Committee did last year on the new markets tax credits.

The new markets tax credits are a roadmap for a potential way that we might address unmet capital needs in transit. And as those tax credits come online this year, it is important to note that there are many transportation investments that are eligible for financing. So, we think that we need to look beyond just the traditional investment of the gas tax and general revenue. We think we need to look elsewhere and we think that tax credits are also a very useful thing to look at.

President Kennedy often used to say that the journey of a thousand miles begins with a single step. And in TEA–21, we have taken many steps since it was reauthorized after ISTEA.

We think that the Committee needs to exercise the same bold vision that has brought us to where we are today, from a country that was once thought of as the backwater of transit and transit development in the world, to regaining our position of preeminence as the world's leader in mobility.

So be assured that we want to work with you and our colleagues in all the times and all the roads that are ahead to improve on what has been done and to make America's mobility choices possible for all of the people in our country, regardless of where they live, regardless of their age, and regardless of their economic need.

Thank you, Mr. Chairman.

Chairman SARBANES. Well, thank you very much, sir.

Mr. Inglish.

STATEMENT OF JOHN INGLISH
GENERAL MANAGER, UTAH TRANSIT AUTHORITY

Mr. INGLISH. Yes, I will go very quickly. Thank you for the opportunity to appear before the Committee, Mr. Chairman.

While the Nation was watching the gold-medal athletes perform in the Olympics, there was a gold-medal activity going on behind the scenes. Our transit athletes were performing at the top of their game. I would like to play a brief video, 2 or 3 minutes, for you that shows what was going on as we were watching the athletes.

Chairman SARBANES. We would be happy to see it.

These are light rail cars from Dallas, Texas.

[A videotape is shown.]

Mr. INGLISH. It was an exciting time for us. My only regret is that the rest of the transit industry actually could not be there to help us. They sent over a thousand bus operators from 47 States in the Union, including Hawaii, and they were scared to death the entire time it was going to snow.

[Laughter.]

But it did not. It was just cold. The first games of the week at night, at load-out, it was below 10 degrees, typically.

We had buses and trains. We had 24 States contributing buses. You saw on the video buses from Atlanta, from St. Louis, from Denver, from many of the States across the Nation. And finally, 29 light rail vehicles from Dallas, Texas, a great contribution to us.

During the games, we on some Saturdays carried as many as 144,000 people a day on our light rail system, and that is pretty close to the capacity of the adjacent I–15, the freeway system there. It was a tremendous asset to have that.

In the interest of time, I will just point out that the five key factors for us was a great deal of planning went into this effort. We had a great communications system. We empowered our people to make decisions in the field. We had tremendous human resources from around the Nation. And finally, we received equipment that was in good shape and we took time to make sure in advance of the games that all of our operating equipment was in good shape.

We are very thankful that we did not have any severe security problems. We had a great deal of support from the U.S. DOT and from the Federal Transit Administration in particular.

We were the first system and underwent security review and audit before the games and the tabletop exercises that ensued from that allowed us to do some refining of our plan, which I think we were very well prepared for anything that might have happened.

I will end my comments and I have a written statement.

Chairman SARBANES. Very interesting. I am struck by the figure in your statement of the public opinion survey, that 94 percent said

they had a good to excellent experience with respect to the transportation system. That is a very high figure.

Let me ask a couple of questions of particular members of the panel. Has this transportation system been integrated well into the future of Salt Lake City? To what extent were investments made in a system in order to handle the Olympics, but will not be highly relevant after the Olympics?

Mr. INGLISH. Certainly, there were some investments that were made in transportation facilities, particularly parking lots in some areas that will probably not be used at this level again. There are a few of them. Some of those are 7,000 to 10,000 car lots. But they were only done in gravel and were not a very high cost.

On the other hand, we did receiving funding to expand particularly some of our tracks, park-and-ride lots, and actually paved them over. That was much needed. It was needed before the games and will continue to be needed as our current track systems are already at capacity. They have only been opened 2 years and our two lines are currently at capacity. Some feel that the extension——

Chairman SARBANES. You mean capacity without the Olympics?

Mr. INGLISH. They were at capacity before the Olympics. We were able to expand the capacity with the Dallas cars, and that allowed us to go to the 144,000 a day figure. But right now, we are very limited with our own equipment and are in the process of purchasing used light rail vehicles from San Jose, California, in order to expand our fleet. That is the fastest and cheapest way we know of to do it.

Chairman SARBANES. You could have told the Secretary. Maybe he knows it when he was here, as a former Mayor of San Jose.

[Laughter.]

Mr. INGLISH. An important point I would like to make, it is relevant to your earlier comments, and that is that without an 80/20 match, our north-south, our original line, would not have been built.

As a relatively poor system, of the quarter-cent in sales tax at the time, we could not have done it without any other match. As it happened, that line so transformed our community that within a year, they doubled the sales tax to expand the public transit system and the program has continued to grow.

Chairman SARBANES. I understand that you had a special training program for personnel in preparation for the Olympics. Is that correct?

Mr. INGLISH. Yes. We had extensive training at all levels.

Chairman SARBANES. Can you tell us a little bit about that?

Mr. INGLISH. First of all, we had close to 200 volunteers who were nontransit professionals. We had another 200 of our own personnel who were transit professionals, but volunteered to perform for us during the Olympics.

That required, as with any activity of this magnitude, communications was absolutely critical. So, we spent an extensive amount of time training our people in the proper communications procedures, and who to talk to in the event of a problem. Every person, including our over 1,000 bus operators, were supplied with a Nextel telephone/radio type system. A lot of training was in the area of what do I do if such and such happens?

And of course, those things did happen and those people knew how to respond, how to get help immediately. I am talking about pavement breaking at one of the park-and-ride lots and different things happening. Extensive training in how to communicate with the public, extensive training in all of the transportation elements of the program, so that if someone got lost in the system, they could find anyone in a yellow jacket or a blue jacket and ask a question and they would be equipped to tell them or direct them to where to go and how to get back to their automobile ultimately. So it was an extensive training program that went on in advance.

Chairman SARBANES. I understand the vote has begun, even though the light system seems to be off. I would yield to Senator Bennett.

Senator BENNETT. Thank you, Mr. Chairman.

I was just coming out of my previous hearing and caught the video on the television screen on the desk downstairs. So, I got to see it.

Chairman SARBANES. Did you see the fireworks behind the light rail cars?

[Laughter.]

Senator BENNETT. Oh, absolutely.

[Laughter.]

Mr. INGLISH. We lit the fire, believe me.

[Laughter.]

Senator BENNETT. You have already answered a question that I would have about the 80/20 cost split. And that you could not have gone forward without the 80 percent. Now let us talk about the next change, which is I think interesting and would have some applications elsewhere.

When the light rail system in Salt Lake was first conceived, it had the spine north-south system, which would come from South Valley to downtown Salt Lake. And then we talked about crossing the T. That is, going east-west, with one terminus at the airport and the other at the University of Utah. The experience with the light rail now says to the mayors—they are the people to which I respond—we do not want the next part of light rail to go to the airport. We want it to move farther south and go off to the west. Instead of a symmetrical T crossing, we have an L shape that goes up to the University of Utah. We now want another spine that goes out to West Valley.

We would never have anticipated that as we were drawing up the original plans because the airport was the third most traveled-to destination point in the valley. Downtown was first. The University of Utah was second. And the airport was third.

Now, by building it as we have done, we find the usage on north-south is so much heavier than we had anticipated, and the people in West Valley want to come in farther south and join it and then go downtown, and that the ridership would be so much higher with that, rather than going out to the airport, that virtually everyone who originally came to me and said, support crossing the T and going out to the airport, is now saying, put that off and go some place else.

Now, I offer that, Mr. Inglish, and anyone else, as an example of the fact that we need to be flexible in terms of the decisions we

make here. And what flexibility do you need out of the Federal Government as you come along in the pipeline and say, scratch that. This is what we want now. How do Federal regulators respond to that kind of a reaction?

Mr. INGLISH. At this point what has helped us in the circumstance is the development of a regional transit plan. We did not have that before we had some lines.

Now, we have a regional transit plan that shows the line to the airport, shows the other lines to the areas that you have described, as well as a few others. The flexibility is that we can now, as now we have that on the record, the Federal Transit Administration respects that and looks to us to implement the elements of the plan. And once all those elements are on the plan, we seem to have the flexibility to make those adjustments.

Mr. MILLAR. If I might comment on that, I think your experience in Utah demonstrates just an excellent point.

People have a lot of difficulty relating to something they have never had. And so, when that first light rail line gets built and they can discover how useful it is and what a modern technology it is, and while I certainly appreciate Senator Bunning's comments earlier about what other new technologies might be coming, modern light rail is not the same as the old-fashioned streetcar that some people think it is. It is a very modern technology that people find very attractive.

With regard to the question about what can we do in the law and in the planning process to allow for other changes, I think a number of things. Overall, we need to streamline the planning process and the environmental process so that data we collect for one purpose is reusable in the second purpose and we do not have to collect the same data twice.

That principle would also then apply that necessarily, if you are building a regional plan and it is simply a decision to go with a different segment first than second, that we not necessarily throw out all the work that has been done so far and then again start from scratch. So there are a number of things like that.

The transit title, which is the jurisdiction of this Committee, does not necessarily have some of the—I will call them shortcuts, for lack of a better word, though I think my highway friends would probably disagree with that characterization. But it does not necessarily have the same provisions as the highway portion of the law does.

One of the things we are looking at is where are some things that have worked well in the highway development portion that could be equally applied to the transit portion. We would be very happy to work with you on that issue. It is an important one.

Senator BENNETT. Thank you. If we were not pressed for time, I would comment further on that because at the same time that we were doing light rail in Salt Lake, we were completely changing the highway system.

The normal pattern for doing the highways in the way we did would have been 9 years. And quite frankly, we changed the mix. I have been attacked in *Sports Illustrated* and elsewhere for the amount of pork that I brought Utah on I–15. I let it drop because I do not want to give it any more publicity than that. But the fact

is, of the $1.6 billion spent on I–15, $1.4 billion came directly from the State of Utah. It was an increase in the gas tax that paid the $1.4 billion and only $200 million came from the National Trust Fund. And of course, Utahans buy gasoline and pay into the National Trust Fund, too.

So, I say to anybody, if you think a citizen of another State contributed to the building of I–15, he must have filled his gas tank while driving through Utah, at a Utah gas station. Utah paid for that 100 percent.

Now, the thing is, we did it in 4½ years instead of 9, strictly on the basis of the flexibility. And you are raising that you want that kind of flexibility in light rail. Out of the Olympic experience, we had to have it done prior to the Olympics. And so, we changed the way things were done. We did it in 4½ years instead of the traditional 9 years and it came in ahead of schedule, and under budget. And that kind of flexibility applied to the light rail is something that I will be happy to pursue with you when we have more time.

Chairman SARBANES. Very good. Let me very quickly because we will have to adjourn to vote.

First, I take it guaranteed funding is a very important aspect of all of this. Is that correct?

Mr. MILLAR. Yes, sir.

Chairman SARBANES. Otherwise, you cannot plan intelligently.

Mr. MILLAR. Right.

Chairman SARBANES. Second, parity in terms of the percentage between transit and highways, I would take it, is an important consideration. Is that right?

Mr. MILLAR. Yes, sir, it is.

Chairman SARBANES. And finally, Mr. Inglish, the higher the percentage, the better. If we have it at 80/20, I do not know if we will be able to hold that or whether they are going to propose something less than that. Who knows? 70/30? Who knows what they will come in with? We will try to hold it up there, although we have this problem that we have to figure out how to expand the Federal pot in order to make this work.

I feel very strongly that whatever the percentage is, that it should be the same for highways and transit. Otherwise, I think that transit will really be set back in this process.

Finally, Mr. Marsico, I take it the demographic changes that are happening, the aging of the American population, make this transit issue an even sharper one and perhaps even more so in the more rural or less highly urban areas of the country. Would you agree with that?

Mr. MARSICO. Yes. Recently, there was a General Accounting Office study on States in the west with low populations that really talked about the implications of lacking public transportation and the impact on Medicare, because so many seniors and so many people in rural areas are often reduced to dialing 911, at a huge cost to Medicare reimbursement because there is no flexible public or community transportation system to serve them.

And in our testimony, we talked about some efforts in Mitchell, South Dakota, where large numbers of seniors were able to come together on a small public transit investment and reduce the num-

ber of ambulance calls that they had, so that it actually reduced the cost to Medicare and also reduces the cost for in-patient care.

One of the things that we do not get in the reporting systems that we have is the kind of things that public transportation does for that every day in the entitlement area.

If we took a look back and found a way to find out what the public transportation impact was on Medicare, we would find that investing in public transportation was one of the best ways to control costs because people can stay home, they do not have to dial 911, and if they are in their own homes, we all know that they will cost us less than being in an institution.

Chairman SARBANES. Yes.

Mr. MARSICO. I think that this process that you begin, I hope that we can look at that.

Chairman SARBANES. Well, that is a very important point.

Thank you all for your testimony.

Mr. Marsico, you have some good information in here and we look forward to drawing on the Community Transportation Association as we move ahead.

Bill Millar, as I read this, you have now begun a process within APTA to come forward to develop a consensus within the organization. These are the recommendations of——

Mr. MILLAR. They were the recommendations of our reauthorization committee.

Chairman SARBANES. Right.

Mr. MILLAR. But our board of directors has endorsed them.

Chairman SARBANES. Okay. So it is moving along.

Mr. MILLAR. We will be refining it. We will be adding to it. But this is basic APTA policy now.

Chairman SARBANES. Alright. Well, we look forward to working closely with all of you.

Mr. Inglish, again, congratulations on a terrific success.

Mr. INGLISH. Thank you.

Chairman SARBANES. The hearing stands adjourned.

[Whereupon, at 12:16 p.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF SENATOR DEBBIE STABENOW

Mr. Chairman, thank you for holding this hearing on our Nation's mass transit needs. While the fallout from the Enron situation is extremely urgent, we must also focus on some of the other critical issues in the jurisdiction of this Committee. And I look forward to working with you, Mr. Chairman, and all the Members of this Committee, as we craft a strong mass transit title to the upcoming TEA–21 reauthorization in the next year.

Mr. Secretary, as you know, Michigan is known as an automobile State. We take pride in producing and driving our automobiles. However, Michigan also has tremendous mass transit needs. In the year 2000 alone, Michigan buses carried over 91 million passengers. There are bus systems operating in every one of Michigan's 83 counties, from the urban Wayne County to rural counties in the Upper Peninsula. Despite covering all counties, service in many areas is minimal, creating a real hardship for working families who cannot afford to own a car.

Like many other areas in the country, Southeastern Michigan is suffering from extraordinary congestion. This costs people time with their families and reduces our productivity. According to a recent study by Texas A&M University done in 1999, traffic congestion costs Detroit area drivers more than $2.8 billion annually or about $700 per person.

When compared to other urban areas, drivers in the Detroit area experience greater traffic delays than drivers in New York, Chicago, and Philadelphia probably because all of these cities have major subway systems, which Detroit does not.

Since Michigan must rely solely on buses for mass transit, our State needs capital investment simply to keep up existing service even though ridership is increasing.

In 2002, Michigan received $28 million in bus discretionary funds for capital projects but our capital needs for buses, facilities, and equipment exceeded $100 million. Michigan will simply have to carryover this shortfall until next year when we probably will get much less than we need for that year. This means we will fall further and further behind in meeting our public transit needs.

This shortfall exists despite the significant contribution by Michigan taxpayers. Michigan ranks sixth, behind five States with rail, in direct support for its public transit systems.

This is why I am pleased to be here today to kick off our work on improving our mass transit programs. I look forward to working with my colleagues on this Committee to help States like Michigan, increase access to public transportation, which will improve our economy and our quality of life.

Thank you.

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this first in a series of hearings on reauthorization of the Transportation Equity Act for the 21st Century—TEA–21, and I would like to join you in welcoming Secretary Mineta and our witnesses. As a Member of the Banking Committee, as well as the Environment and Public Works Committee, I look forward to being an active participant in drafting a bill that helps fund our mass transit and highway needs.

Mr. Chairman, as the Committee looks at ways to build up our Nation's mass transit infrastructure, I would like to point out that nowhere is the demand and, in fact, need for more mass transit more evident than in my State of New Jersey, the most densely populated State in the Nation. A study done by the New Jersey Institute of Technology in July 2001, found that the average New Jersey driver spends almost 50 hours a year stuck in traffic. For all this time stuck in traffic, that's an average cost per driver of $1,255 in wasted gasoline and lost productivity—for a total cost of $7.3 billion a year.

And as a 25 year commuter to New York City from northern New Jersey, I can personally testify to the frustrations of the gridlock on our roadways and overcrowding of our mass transportation systems.

To New Jersey's credit, we realize that we cannot build enough roads to meet our transportation needs. As a result, we have invested heavily in creating mass transit opportunities to get drivers off the road. Rail lines such as the Hudson–Bergen and Newark–Elizabeth Light Rail lines are being built to alleviate traffic congestion, as well as help revitalize New Jersey's urban areas. I will fight to secure sufficient Federal funding for these projects in the next TEA–21 legislation.

But our transit needs have also changed dramatically since September 11. Although New Jersey did not suffer direct physical damage on that terrible day, our transit infrastructure has been dramatically scarred. One of the three rail tunnels

New Jersey commuters relied on to get into New York City, the PATH tunnel into the World Trade Center, has been closed and will not open for at least 18 months. Prior to September 11, approximately 66,000 commuters from New Jersey traveled to work each day via that tunnel, and must find another way to get to work. In addition, thousands of workers are now "reverse commuting" into New Jersey.

The closure of the PATH tunnel has put a strain on remaining rail lines that were already operating on a standing-room-only basis. If you are one of the commuters who manages to get on one of these standing-room-only rail cars, you know how miserable the situation is. Mr. Chairman, these cars are so crowded that conductors cannot even move down them to collect tickets!

I have been working with my colleague from New Jersey, Senator Torricelli, to find money to provide some emergency help to fix this problem. I am proud that last year we secured $200 million in funding in the supplemental appropriations for emergency transportation and ferry assistance for New Jersey. But for the long-term, we have to create new mass-transit opportunities for New Jersey's commuters. And at the head of this list has to be a new commuter rail tunnel into New York which has been studied and studied and studied.

Before September 11, there was a great need for another rail tunnel into New York City. It was predicted that by 2003 demand would have overtaken supply on our existing rail system infrastructure. Since September 11, that timetable has quickened as the pattern of transportation has dramatically shifted. In addition to the overcrowding I mentioned, we now have a need to reach the many jobs that have moved to midtown and upper Manhattan from lower Manhattan.

As the Banking Committee deals with this reauthorization, I will push for funding for a new trans-Hudson tunnel as additional funding for the Hudson–Bergen and Newark–Elizabeth rail options when the Banking Committee considers the next TEA–21 legislation.

Mr. Chairman, thank you for holding this hearing and I look forward to hearing from our witnesses.

PREPARED STATEMENT OF SENATOR ZELL MILLER

Good morning. I am pleased to participate in today's hearing regarding reauthorization of the Transportation Equity Act for the 21st Century—TEA–21. The theme of today's hearing—Transit in the 21st Century: Successes and Challenges—is befitting. It is an indication of the problems we face regarding congestion, air quality, mobility for our citizens, and limited funding, but also the promises of public/private partnerships, creative financing, job creation, efficiently getting people where they need to go, and the mitigation of problems associated with nonattainment areas.

Because of the budget mechanisms inherent in TEA–21, the Federal transit program will receive this fiscal year a total of $6.74 billion from the mass transit account of the highway trust fund and from general revenues. The President's budget requests $7.2 billion for transit for the next fiscal year. That is a lot of peanuts and that is why this hearing is so important. TEA–21 expires September 30, 2003, so we must be about the people's business now to reauthorize this important legislation by next year.

I represent a State with large metropolitan areas and rural communities, cities bustling with businesses and nonattainment areas facing air quality concerns. Throughout the coming months we will need to discuss guaranteed funding and flexibility in how to expend those funds. With the increased security concerns, we will need to discuss safety of our transit systems. We must continue to explore also the promise of partnering with private entities and localities to continue to get more bang for our bucks.

Our transit systems have enhanced our air quality, relieved areas of debilitating congestion, and increased mobility to those who, because of income, age, or disability, do not have access to automobiles to get to the doctor, go to the grocery store, or get to work. We also see the positive ripple effects of job creation in sectors of the economy that support our transit systems.

Throughout my tenure in public office I have seen the changes in my State and in this country from the 1960's, when private transit operations were financially distressed and local public agencies were created to take over those important operations; to the 1964 Urban Mass Transportation Act for capital expenditures; to the 1974 National Mass Transportation Act for operating assistance; to today where we have effective public/private partnerships, flexibility in guaranteed funding, and holistic, intermodal approaches to transportation planning.

Whether we are dealing with the Capital Beltway around Washington, DC, or the bypass around Atlanta, we are familiar with the delays and the fumes. It is even estimated that Americans in our urban areas spend billions of hours in 1 year stuck in traffic amounting to $78–$100 billion in lost time and wasted fuel. Additionally, many of these areas throughout the country are nonattainment areas. Our transit systems play an integral role in mitigating congestion, improving air quality, and getting people where they need to go.

I am encouraged by the successes of public transportation and the mechanisms included in the landmark TEA–21 legislation. I am looking forward to addressing the upcoming issues regarding reauthorization and reconciling our budgetary concerns with the need for a vibrant partnership between the Federal Government, State and local entities, and private businesses. I welcome Secretary Mineta and look forward to the testimony of all of today's witnesses.

PREPARED STATEMENT OF SENATOR CHRISTOPHER J. DODD

First of all, I want to thank Secretary Mineta and our other witnesses for being here today. Mr. Millar, Mr. Marsico, Mr. Inglish, thank you.

As we begin considering the reauthorization of our Federal highway and transit programs, I hope that each of you will remember that many of us on the Banking Committee have a keen interest in helping to ensure that our transit programs contribute to a seamless and well-integrated multimodal transportation system that meets the needs of Americans, not only in our urban centers, but also in communities large and small across the entire country. Our transportation system is an intricate web and Federal policy must continue to be broad enough and flexible enough to sustain each part of the web.

We know that disruptions in one part of the transportation system can have far-reaching impacts across the entire system. In the aftermath of the attacks on September 11, we discovered some of the weaknesses in our transportation system, but we also discovered some of the ways in which reliance can be built into our policies. When the commercial airlines were shut down on September 11, travelers flocked to Amtrak stations. When people were forced to abandon their cars here in Washington, they were able to get home on Metro. In many ways, the system worked and September 11 provided an extraordinary lesson on why it is so important for America to maintain a diverse transportation portfolio. Transit and highways, airlines and Amtrak; these are not competing modes of transportation, they are complementary services that contribute to the same goal: better, safer, and more reliable mobility for all Americans.

Our Nation's urban mass transit systems have historically served as both economic engines for our prosperous cities and economic lifelines for people stranded in neighborhoods where there are no jobs, no grocery stores, or no doctors' offices.

For more than a century, transit has been a means for moving huge numbers of people into and through some of the most productive urban centers in the country—New York, Chicago, and San Francisco. Millions of Americans ride commuter trains, subways, and buses every morning because public transit offers the best, most hassle-free way to get downtown. But as traffic congestion clogs not only the arteries into our largest cities, but even the capillaries in our smaller towns, we need to ask whether there are new models for transit, not based on the what works in New York and Chicago, but what might work in Boise and Spokane, Stamford, Connecticut, and Biloxi, Mississippi. In my opinion, the Jobs Access Program—which makes grants to local nonprofit agencies to design and provide workplace oriented transit services—has been a tremendous success precisely because it has been flexible enough to adapt to local needs and local conditions.

I noted that in his prepared testimony Dale J. Marsico of the Community Transportation Association of America has proposed developing a method for allowing small communities to get waivers from some of the more restrictive FTA regulations. While I think we need to look very closely before enacting any general waiver program, I applaud CTAA for trying to offer innovative ideas to improve the relationship between FTA and small community transportation providers. I look forward to hearing more from Mr. Marsico and others about how we can build a better partnership between transportation providers and the Federal Government.

Transit is part of the solution to our Nation's transportation problems. Increasingly, transit is the mode of choice for millions of commuters. In my view, we have an obligation to ensure that transit is safe and reliable and to ensure that it works in conjunction, not competition, with other modes of transportation. I believe that

we can only meet that obligation if we are willing maintain and improve our strong ties to State and local governments and private sector transportation providers.

PREPARED STATEMENT OF SENATOR PHIL GRAMM

Secretary Mineta, thank you for joining us today. I want to raise an issue that I am concerned about, and that is the whole issue related to the contract to run the mass transit in Boston with Amtrak. The short history on the situation is that until 2000, Amtrak had the contract. Then there was a competitive bid as required by law. Amtrak was the high-cost bidder, but they were evaluated on a quality basis as the least qualified bidder. The low bidder was $116 million dollars below Amtrak. But what happened then was the broadest interpretation of Section 13(c) that had ever come forward.

The new contractor was required to honor all the old work rules, and to hire all the same people or to pay them 7 years severance up front. As a result of this, the agreement was destroyed. To this day, the same contractor is doing the work that lost this competitive bid, the same on that was the high bidder and the low-quality bidder.

It all comes down to the interpretation of Section 13(c). I know it is easy for someone to sit up here and complain about these issues, but I also realize that they are very hard to do something about. The plain honest truth is that we have allowed feather-bedding in contracts that were really aimed not at promoting the well-being of people who ride the mass transit, but that instead literally rob these systems and hold up everybody that uses these facilities.

It is unfortunately true, and some people might view it as a mean statement, but the bottom line is: too often in America today we run mass transit for the benefit of the people who run mass transit—not the people who pay for it, and not the people who ride it, but the people who run it. I would like to ask you, Secretary Mineta, to go back and look at this decision. I know we are in the process of looking at having a new bid, but if you are going to employ Section 13(c) so broadly that you are going to have to pay everybody that works there for the rest of their natural life, then you are never going to be able to modernize this system.

One of our biggest problems with Amtrak, which is a separate issue other than that they are the contractor here, is that we could make many passenger rails work in specific parts of the country if we were not saddled with all of these old work rules, and all of these labor requirements were written in another century. Back then, railroads were vast monopolies that were supported by almost unlimited Government subsidies. I think, not only is this important because a lot of people live in Boston that are important to the economy, but also the principle is important.

Secretary Mineta, I want to urge you to take a long hard look at this. It is one thing to enforce a law as it is written, it is another thing to use a law to prevent the very things we all claim we support. And the thing I would assume that almost every Member of Congress would say they are for is competition and competitive bidding. So if you would take a look at this issue, I would appreciate it. Thank you.

PREPARED STATEMENT OF SENATOR MICHAEL B. ENZI

Thank you, Mr. Chairman, for holding this hearing. I am very pleased to have an opportunity to hear from the U.S. Department of Transportation's Secretary Norman Mineta and the other witnesses regarding Transit in the 21st Century and what has and has not worked for transit in our communities since the authorization of the Transportation Equity Act for the 21st Century (TEA–21).

As you know, TEA–21 has provided State and local governments with greater flexibility, yet stability, in transportation funding. This has been achieved through innovative financing and record levels of transportation investment. In the upcoming year, I am excited to work with my colleagues, the U.S. Department of Transportation, the State and local government officials, and other interested parties to ensure that we expand on the solid and balanced structure of TEA–21.

Because Wyoming's population is approximately 480,000 people statewide, rural transit is especially of concern to me and my constituents. I have heard from several constituents in Wyoming regarding the need for stable and reliable transit service in our rural communities. One of my goals as a U.S. Senator, as well as the Wyoming Congressional delegation as a whole, is to improve transit service to Wyoming's cities and towns. A firm commitment to our communities' transit needs will help maintain economic growth and job creation in Wyoming. I am currently work-

ing with the Wyoming Department of Transportation and local officials in Wyoming to find ways to improve transit service in our smaller, more rural communities.

In closing, the Senate Committee on Banking, Housing, and Urban Affairs is committed to ensuring that our colleagues, the U.S. Department of Transportation, and other interested parties stay on task in an efficient and effective manner to ensure the most equitable and flexible transit for communities nationwide. Again, I want to thank Secretary Mineta and the other witnesses for being here today. I look forward to hearing from you today and look forward to further discussing transit issues with each of you and your staff in the months to come. Thank you again, Mr. Chairman, for holding this hearing.

PREPARED STATEMENT OF NORMAN Y. MINETA

SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

MARCH 13, 2002

Mr. Chairman, Members of the Committee, thank you for the opportunity to speak about the implementation and reauthorization of the public transportation provisions of the Transportation Equity Act for the 21st Century (TEA–21).

With this Committee's leadership, and with the active participation of our State, local and private sector partners, the Department of Transportation has worked to realize the purposes and objectives of TEA–21. I would like to commend the Committee for continuing its leadership by scheduling this hearing on the reauthorization of TEA–21. We look forward to working with you in shaping proposals for the reauthorization of this legislation and establishing the base of resources necessary to meet the public transportation challenges facing the Nation.

Three decades ago, as Mayor of San Jose, California, I learned that the tool that made the most difference in my community was transportation. Nothing else had as great an impact on our economic development, growth patterns, and quality of life. What I have found in the years since is that this is true not just locally, but also nationally. A safe and efficient transportation system is essential to keeping people and goods moving, and making cities and communities prosperous. And public transportation has an important role to play in achieving these goals.

Like many Members of Congress, I take great pride in the enactment of the predecessor of TEA–21, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), during my years in the House of Representatives. With that legislation we established new principles for the implementation of the Nation's surface transportation programs, and built partnerships with local and State officials to advance the strategic goals for transportation capital investment. ISTEA established flexibility in the use of funds; a commitment to strengthening the intermodal connections of the Nation's transportation system; new investments in, and deployment of, information technologies for transportation services; and a heightened sensitivity to the impacts that public transportation has on our quality of life and on the shape and character of America's communities.

TEA–21 built upon the programmatic initiatives of ISTEA, and, through its financial provisions, provided State and local governments and other transportation providers with greater certainty and stability in transportation funding. It achieved this in part through innovative financing mechanisms, including the budgetary firewalls, as well as record levels of transportation investment.

The programmatic and financial initiatives of these two historic surface transportation acts have provided us with a solid and balanced structure around which we can shape this reauthorization legislation. Yet, although we should continue and build upon ISTEA and TEA–21, we have an opportunity and an obligation to do more than that.

This is a time of extraordinary challenge and opportunity in the transportation sector. On September 11, a determined and remorseless enemy challenged one of America's most cherished freedoms, our freedom of movement. The events of that day demonstrate how critical the Nation's transportation system is to the freedom of every American and to the Nation's security and economic well-being. In fact, transit played a critical role at Ground Zero in New York City, in Washington DC, and in countless other cities across the country. Transit systems safely transported millions of people out of harm's way, as downtown areas, including New York and Washington DC, were evacuated with reliance on the quiet heroism of the Nation's public transportation workers.

In shaping this surface transportation reauthorization bill, we must maximize the safety and security of all Americans, even as we enhance mobility, reduce conges-

tion, and grow the economy. These are not incompatible goals; indeed, the lessons of ISTEA and TEA–21 demonstrate that all are appropriate goals of national transportation policy and that they reinforce each other. It is possible to have a transportation system that is safe and secure, efficient, and productive.

TEA–21's Record

In five principal areas, TEA–21 has strengthened the Nation's transportation system: the stability, equity, and flexibility of funding; safety; mobility and system upgrading; the application of innovative technologies; and quality of life.

Funding Levels and Program Equity

TEA–21 revolutionized transportation funding and provided record amounts of spending for public transportation, a 50 percent increase over the period of ISTEA. Funding of a significant share of the public transportation program came from the Mass Transit Account of the Highway Trust Fund, and the new budgetary firewalls created confidence among grantees regarding program funding. Funding stability has been one of the most important features of TEA–21, as States and local communities have relied upon these assurances and increased their own funding levels to match the commitments made in TEA–21.

Equally important is funding flexibility, first allowed under ISTEA and continued in TEA–21. Flexible funding allows our States and our communities to tailor their transportation choices to meet their unique needs, and enables State and local decisionmakers to consider all transportation options and their impacts on traffic congestion, air pollution, urban sprawl, economic development, and quality of life. Indeed, since ISTEA, over $7.7 billion has been transferred from Title 23 programs to public transportation programs, providing critical resources to supplement the basic public transportation authorization levels. During the same period, less than $50 million has been transferred from transit programs to the highway programs.

TEA–21's innovative loan and grant programs have further augmented both the highway and transit programs. The Transportation Infrastructure Finance and Innovation Act (TIFIA) has provided almost $3.6 billion in Federal credit assistance to eleven projects of national significance, representing $15 billion in infrastructure improvements. These loans, loan guarantees, and lines of credit for highway, transit, and rail projects have encouraged private investment to strengthen transportation infrastructure. Public transportation projects have included support for the Washington Metropolitan Area Transit Authority's Capital Improvement Program, the Tren Urbano project in San Juan, and improvements to the Staten Island Ferry.

Safety and Security

The Department's paramount concern is to assure the American public that the Nation has the safest, most secure system possible, as our transportation system works to meet the needs of the American economy. The United States has an enviable transportation safety record, and public transportation's record is an important part of this picture. TEA–21's increased funding allowed public transportation agencies to make public transportation even safer by enabling agencies to make improvements to the transportation infrastructure that enhance safety and security.

Our world, however, changed abruptly on September 11. In the week immediately following the terrorist attacks, I established the National Infrastructure Security Committee (NISC) to evaluate security in the surface modes of transportation and make recommendations for improvements. NISC created six "Direct Action Groups" (DAG's) to handle specific modes of transportation. The DAG's interviewed industry representatives, studied transportation system vulnerabilities, evaluated security protocols and procedures, and developed recommendations to improve security across the transportation network.

Any discussion about security in transportation today, of course, must begin with the Transportation Security Administration (TSA). As you know, TSA's initial focus is on aviation security. However, we know that security does not end at the airport perimeter. We are fundamentally committed to creating a system, together with States and local governments, which works to protect the entire transportation network in America. The underlying management structure and operating guidelines are being developed to address the full scope of transportation security needs because, from the traveling public's point of view, we are one system.

Even as TSA focuses on its initial mission of enhancing aviation security, other modes are stepping up to the new security challenges that we, as a Nation, face. For example, the Federal Transit Administration launched a major security initiative shortly after September 11, working with transit agencies across the Nation to enhance transit security. Using state-of-the-art threat and vulnerability assessment techniques, we are working hand-in-hand with the Nation's major transit providers to identify high-risk/high-consequence assets and determine how best to mitigate

those risks. In addition, transit operators across the Nation are taking advantage of new security awareness and response training opportunities for their employees.

This new security initiative added to the overwhelming success of the transportation systems supporting the 2002 Winter Olympics last month. While providing enhanced security, transit systems in the Salt Lake City area simultaneously moved record levels of users to and from multiple Olympic venues over a 17 day period without a serious security incident. The DOT's partnerships with the Utah Transit Authority, Utah Department of Transportation, and others were crucial to this internationally significant success. In partnership with Federal, State, and local law enforcement officials, we formed new security relationships during the Olympic experience that will serve as a benchmark for future efforts. While I am on the subject of the Olympics, I would also like to take this opportunity to commend the transportation community for providing superb accessibility for the elderly and people with disabilities during the Games.

Mobility and System Upgrading

ISTEA and TEA–21 placed an unprecedented emphasis on developing a seamless, intermodal transportation system that links highways, rail, transit, ports, and airports. The dramatically increased funding under TEA–21 also enhanced mobility by upgrading the condition of public transportation systems. As a direct result of the increased spending provided in TEA–21, overall public transportation conditions have improved dramatically.

TEA–21 also permitted a significant increase in transit service levels and capacity. As of 2000, the Nation's public transportation infrastructure included over 105,000 vehicles, 759 urban bus and rail maintenance facilities, 10,572 miles of track, and 2,825 rail stations. Between 1997 and 2000, the number of transit vehicles increased by 10.3 percent, track mileage grew by 3.6 percent, the number of stations increased by 2.3 percent, and the number of maintenance facilities grew by 4.1 percent.

The substantial investment in the Nation's transit systems has also resulted in an increase in transit ridership. Preliminary estimates indicate that more than 9.6 billion public transit trips were taken in 2001, an increase of 2 percent over 2000. Since 1993, public transportation use has increased by nearly 28 percent, the fastest growth rate among all forms of surface transportation.

TEA–21 also authorized the Job Access and Reverse Commute (JARC) Program to address transportation gaps in public transit systems and reduce barriers for those moving from welfare to work. This program has made transit services available to many who previously did not have access to adequate transportation and, thus, to jobs. As of fiscal year 2000, the JARC Program had made new transit service available at more than 16,000 job sites.

New Technologies

The Department of Transportation has made significant strides in research under TEA–21. Important research programs include the development and deployment of Intelligent Transportation Systems (ITS), public transportation vehicle improvements, and the development of new operating concepts such as Bus Rapid Transit.

TEA–21 authorized a total of $603 million for ITS research for fiscal year 1998 to 2003, and significant progress has been made in applying this technology to our surface transportation system. ITS technology, for example, helped to bring real-time improvements in transportation to the just-completed Winter Olympic Games. Thanks to TEA–21, the Utah Transit Authority partnered with the Utah Department of Transportation to invest $78 million in TEA–21 funds to develop a model multimodal Intelligent Transportation System, including a state-of-the-art, voice-activated "511" system that provided information on public transportation, Olympic travel, road conditions, and other subjects that was vital to moving hundreds of thousands of people in and around Salt Lake City.

Throughout America, communities are calling for more energy-efficient and clean public transportation vehicles. Through the resources of TEA–21, the Department has been able to work with local agencies and their private partners to take advantage of developments in automotive electronics, clean fuels, and aviation engineering to introduce vehicles with hybrid electric engines, integrated computer management systems, and light-weight, durable composite materials. As a result, public transportation vehicles are being deployed around the Nation with increased fuel economy, more efficient operations, and less polluting engines. We are not, however, resting on these achievements. TEA–21 provided $29.1 million to bring fuel cell technology to public transportation. The California Fuel Cell Partnership is one example in which public transportation agencies, bus manufacturers, and auto companies are

working together to move this zero-emission, highly efficient propulsion technology to market.

Bus Rapid Transit (BRT) has also benefited from technological advances made possible, in part, through TEA–21. Combining exclusive transit-ways, modern stations, high-tech vehicles, and frequent service, BRT provides—at a fraction of the cost—the high level of service that people want and expect from more expensive transit systems. And investments in Intelligent Transportation System projects have made BRT even more convenient, fast, reliable, and safe. For example, Automated Vehicle Location technologies such as satellites or roadside sensors can now track the location of BRT vehicles, providing information for electronic "next vehicle" displays at stations and on-board automated stop announcements. Signal priority systems also use vehicle location information to control traffic signals cycles to give priority to BRT vehicles, while transit operators use it to achieve more consistent passenger wait times.

Continued Federal investment in the development of new transportation technologies will have enormous benefits for America—reducing congestion, improving air quality, and making public transportation an attractive travel alternative.

Quality of Life

TEA–21 has given States and communities across America additional tools and opportunities to enhance the environment and quality of life for their residents. It continued and increased funding for several programs originally authorized in ISTEA, broadened eligibility for others, and established the new Transportation and Community and System Preservation Pilot (TCSP) program.

Authorized at $120 million under TEA–21, the TCSP program is a discretionary grant program intended to strengthen the linkages between transportation and land use. The grants have provided funding for planning and implementation, as well as technical assistance and research to investigate and address the relationships among transportation, community and system preservation, and private sector-based initiatives.

The Congestion Mitigation and Air Quality Improvement (CMAQ) program has focused on improving air quality. Under TEA–21, it has provided more than $8 billion in funding for use by State and by local partners to support traffic flow projects, cleaner fuels, improved transit services, and bicycle and pedestrian programs that reduce congestion and emissions, and improve the quality of life. A significant share of the Title 23 program funds transferred for public transportation use came from the CMAQ program.

TEA–21 directed the Department to streamline environmental reviews. With this directive in mind, we are working to assist States and communities in building infrastructure more efficiently, while retaining important environmental protections that maintain our quality of life. Since the enactment of TEA–21 in 1998, streamlining of the planning and approval process for projects has taken root throughout the country, producing interagency personnel funding agreements that result in faster, concurrent reviews; a merged process for wetland permits with the Army Corps of Engineers; and delegated authority for historic resources. While most of the focus on "environmental streamlining" has been on improving the process for highway projects, public transportation projects can also benefit from streamlining the environmental clearance process. While we have begun the job, more can and will be done.

Building on TEA–21

The Department of Transportation looks forward to working with both Houses of Congress, State and local officials, tribal governments, and stakeholders in shaping the surface transportation reauthorization legislation. We have established an intermodal process to develop surface transportation legislative proposals for reauthorization. A number of intermodal working groups have already identified key issues and programmatic options, and, over the next few months, the Department will be working with stakeholders and Congressional committees in shaping the reauthorization legislation.

In that effort, the Department will be motivated by the following core principles and values:

- Assuring adequate and predictable funding for investment in the Nation's transportation system. This funding can contribute to the long-term health of the economy and, by enhancing the mobility of people and goods, by promote greater productivity and efficiency.
- Emphasizing the security of the Nation's surface transportation system by providing the means and the mechanisms to perform risk assessment and analysis, incident identification, response, and, when necessary, evacuation.

- Preserving funding flexibility to allow the broadest application of funds to transportation solutions, as identified by States and local communities.
- Building on the intermodal approaches of ISTEA and TEA–21.
- Fully utilizing innovative financing programs, in order to encourage greater private sector investment in the transportation system, and examining other means to augment existing trust funds and revenue streams.
- Strengthening the efficiency and integration of the Nation's system of goods movement by improving international gateways and points of intermodal connection.
- Making substantial improvements in the safety of the Nation's surface transportation system. It is not acceptable that the Nation suffers 41,000 deaths and over 3 million injuries annually on our highways.
- Simplifying Federal transportation programs and continuing efforts to streamline project approval and implementation.
- Developing the data and analyses critical to sound transportation decisionmaking.
- Fostering "intelligent everything" in the development and deployment of technology, such as pavement monitoring, message systems, remote sensing, and toll collection.
- Focusing more on the management and performance of the system as a whole rather than on "inputs" or the functional components such as planning, development, construction, operation, and maintenance themselves.
- Ensuring an efficient infrastructure while retaining environmental protections that enhance our quality of life.

This is a moment of great opportunity. As was true when Congress considered the landmark ISTEA and TEA–21 legislation, we now have the prospect of creating a legacy that will serve the transportation needs of the American people for decades to come. I am confident that, working together, the Administration and Congress can preserve, enhance, and establish surface transportation programs that will provide not only for a safer and more secure system, but also for one that is more efficient and productive and that enhances the quality of life.

From major urban centers to small communities, TEA–21 has created a revolution of sorts in transportation, through stable funding, innovative financing, and investments in new technology. This, in turn, has resulted in increased mobility, more transportation choices, and more economically vital communities for millions of Americans. Today, as we continue to respond to the events of September 11, we should strengthen, not diminish, America's freedom of movement, and we should enhance our transportation systems to effectively grow the economy. The reauthorization of our surface transportation programs provides us with the opportunity to do that even more effectively.

Mr. Chairman, thank you again for the opportunity to testify before you today. I look forward to responding to any questions you may have.

PREPARED STATEMENT OF WILLIAM W. MILLAR

PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

MARCH 13, 2002

Introduction

The American Public Transportation Association (APTA) appreciates the opportunity to testify on the upcoming reauthorization of the Transportation Equity Act for the 21st Century (TEA–21).

APTA's 1,400 public and private member organizations serve the public and the public interest by providing safe, efficient, and economical public transportation service, and by working to ensure that those services and products support national energy, environmental, community, and economic goals. APTA member organizations include transit systems and commuter railroads; design, construction, and finance firms; product and service providers; academic institutions; and State associations and departments of transportation. More than 90 percent of the people who use public transportation in the United States and Canada are served by APTA member systems.

TEA–21 Has Sparked a Transit Renaissance

> The car was over crowded, folks were hanging on the straps,
> Girls had bundles in their laps, came from Macy's store perhaps;
> You couldn't carve your way out with a carving knife or ax
> Remember I am telling honest facts, . . .
> Hold fast! Don't you lose your nerve!

Grab your lady by the arm, we're going 'round the curve
Keep your wits about you and you'll never get a jar,
If you listen to the man who runs the trolley . . . car!

Mr. Chairman, the above lyrics are from a 1901 song entitled *Hold Fast!* by Jerome and Schwartz, which is featured in the exhibit on transit and its unique relationship to the American City now at the National Building Museum. The lyrics come from a time when public transportation was the lifeblood of the American City and people packed onto transit cars as tight as sardines in a can. It has now been a century since "Hold Fast" was published, and thanks in no small part to Congress' investment in the TEA–21 Federal transit program, once again the song's lyrics ring true. Public transportation is experiencing a renaissance in the United States and is enriching the lives of our citizens by giving them mobility and freedom of transportation choice. However, if transit's resurgence is to continue, we need to increase investment in public transportation infrastructure, maintain the TEA–21 guaranteed funding provisions, and streamline delivery of the transit program.

Transit Ridership is at Record Levels

Americans used public transportation a record 9.6 billion times in 2001 and transit ridership has grown 23 percent since 1995 according to preliminary ridership figures just released. This represents the highest level in more than 40 years. Over the last 6 years, transit usage has grown faster than the population (4.5 percent), highway use (11.8 percent), and domestic air travel (12 percent). In 2000, ridership was up in all modes and in all parts of the country. In the light rail category, Denver (41 percent), San Jose (34 percent), and New Jersey Transit (38 percent) experienced tremendous ridership success. New light rail service in Salt Lake City is exceeding estimates and was a big success during the recent Olympic Games. The commuter rail operations in Dallas (39 percent) and in Baltimore (7.5 percent) have had continued success. Heavy rail ridership increased by more than 7 percent in New York City, Washington, DC, and Philadelphia, and it rose by nearly 4 percent in Chicago and by almost 13 percent in San Francisco. Bus service was up in large cities like Washington, DC (8.4 percent) and New York City DOT (6.7 percent), as well as in cities across the country like Birmingham, AL (5.7 percent) and Spokane, WA (5.1 percent).

Investment in the TEA–21 Transit Program Has Paid-Off

The record transit ridership increases are a direct result of the increased Federal investment in TEA–21. TEA–21 authorized $41 billion for public transportation, and guaranteed $36 billion, a significant increase over the previous funding. This funding increase benefited transit systems in both urban and rural areas. In 1997, before TEA–21, total funding for the rural program was $115 million. In 2002, the rural program is funded at $223.4 million, an increase of 95 percent. This compares with a 65 percent increase in the overall growth of the Federal transit program over the same period. A crucial provision of TEA–21 has been the budgetary "firewalls," which guarantee that Transportation Trust Fund monies are used for transportation purposes. The transit funding guarantee provision has been instrumental in insuring that transit funding has increased as intended by TEA–21. Since the Federal Transit Program is now primarily a capital investment program, the predictability and reliability of funding under the guarantee has been a big plus for transit agencies that must develop long-term-capital plans. It lets them operate in a business-like fashion, and the private markets are much more interested in public/private innovative investment plans with an assured level of Federal funding.

The additional TEA–21 transit and highway investments have been put to work wisely and expeditiously on an existing array of state-of-the-art transportation improvements. Nearly 200 new or expanded rail or bus or rapid transit projects were authorized under TEA–21 for 88 areas in more than 40 States. The TEA–21 investments have enriched the lives of Americans by giving them mobility and the freedom to do what they want and need to do, and created real success stories. To capture some of these success stories, APTA and the American Association of State Highway and Transportation Officials (AASHTO) jointly published a report called *Money at Work,** which we are pleased to submit for the record.

Transit Plays Key Role in National Emergencies

Perhaps one of the best illustrations of the benefits of the investment in the transit program was the role that transit played during the September 11, 2001 terrorist attacks. On September 11, citizens in New York and Washington relied on public transportation as the mode of choice to evacuate from the urban core. In New York,

*Held in Committee files.

hundreds of thousands of citizens were evacuated quickly and without injury. Here in Washington, the Washington Metropolitan Area Transit Authority (WMATA) proved its value as a regional evacuation system running the equivalent of two rush hours back-to-back and moving thousands of citizens out of harms way. This same story was true all across the country as transit systems helped evacuate citizens from shut down airports and center cites. We have a report in this regard, *America Under Threat: Transit Responds to Terrorism,** which we are pleased to submit for the record.

The TEA–21 Transit Investment Has Made Positive Contributions to the U.S. Economy

In addition to significant increases in transit use, TEA–21 investments in the transit program have generated significant economic benefits. APTA has produced a publication, *Public Transportation Means Business**, which highlights the significant economic benefits of transit investment. The report illustrates how investment in transit sparks an economic chain reaction that generates business activity, creates jobs, boosts property values and tax earnings, maximizes transportation spending, and gets people to work. We want to also submit that report for the record.

Not only is the TEA–21 transit investment spurring economic growth in the Nation's major metropolitan areas, but it is boosting the economy in smaller towns and rural areas as well. For example, investment in transit systems nationwide has fueled the growth of Chance Coach in Wichita, Kansas. With a new manufacturing plant opened in 2000, the company has increased its staff, production and sales, and created a successful public transportation business which contributes over $15 million annually to the local economy. There are numerous other examples of bus manufacturers operating in the Nation's heartland. Neoplan USA buses are built in Lamar, Colorado and Brownsville, Texas; New Flyer buses in St. Cloud, Minnesota; Nova buses in Roswell, New Mexico; North American Bus Industries buses in Anniston, Alabama; Champion buses in Imlay City, Michigan ; MCI buses in Pembia, North Dakota; and Orion buses in Oriskany, New York. In addition, Kawasaki will be building rail cars in Lincoln, Nebraska.

Transit Investment and the Environment

The TEA–21 transit investment is also helping to protect the environment. Mr. Chairman, let me tell you about something in our own backyards. An article in last week's *Washington Post* (3/4/02) said that Maryland's population of Baltimore Orioles, long in decline, could vanish altogether late this century due to a dramatic changes in migration patterns and declining habitats strongly influenced by global warming. The article cites as study by the American Bird Conservancy which suggests that the effects of global warming may be robbing Maryland and a half-dozen other States of an important piece of their heritage by hastening the departure of their State birds. The report says the earth's rising temperature, which scientists attribute to carbon dioxide and other greenhouse gases, is already shifting songbird ranges, altering migration behavior and perhaps diminishing some species' ability to survive. The good news is that transit use can help reduce greenhouse gas emissions. For example, here in the Washington region alone, the Metrorail system removes 325,000 vehicles from the road and helps to keep approximately 1,400 tons of hydrocarbons, 9,000 tons of carbon monoxide, and 700 tons of nitrogen oxides out of the region's air on an annual basis.

The Demand for Public Transportation is Soaring

The consistent annual ridership growth in nearly every mode of transportation sends a message loud and clear: people are leaving their cars at home and using public transportation more and more. As new systems open doors and existing systems expand their service, demand is exceeding the speed at which new service can be funded and implemented. Now more than ever, steadily growing congestion is causing people to seek alternative forms of transportation to commute to work, complete errands, make health care visits, and to get to and from sports and entertainment events.

Voters Demanding More Transit

It is no wonder that so many American cities have recently voted to start or expand light rail, commuter rail, or bus service in their communities. Just last week, on March 5, in a statewide election California voters overwhelmingly approved Proposition 42, which changes State law to require that all State gasoline tax revenue be devoted to transportation beginning in 2008. Under the provision, 20 percent of

*Held in Committee files.

the gas sales tax funds will be used for public transportation. Voters have also supported recent transit initiatives in Pierce County, Washington; Salt Lake City, Utah; Seattle, Washington; Toledo, Ohio; Providence, Rhode Island; King County, Washington; Houston, Texas; Glendale, Arizona; and in Portage County, Ohio, among others.

The Nation's mayors also recognize the growing demand for public transportation. In February, at a meeting of more than 300 mayors from across the country, a survey was released that showed that 80 percent of respondents agreed that the idea of building light rail is a viable alternative to driving.

TEA–21 Reauthorization

Without question, the TEA–21 investment in transit has paid-off by helping the economy and enriching the lives of millions by giving them mobility and freedom of choice to do what they want to do. However, the current level of Federal investment in the Nation's public transportation system is inadequate to keep up with the steadily growing demand for additional transit services and the need for improved maintenance of the core transit system. This is why reauthorization of TEA–21 is critical and why we urge Congress to preserve a strong and growing Federal investment in the surface transportation system.

APTA has formed a reauthorization task force with broad representation from a cross section of the industry. The task force is working on a balanced reauthorization proposal for the entire transit industry. Overall, APTA supports retention of the basic principles of TEA–21, including a needs-based transit program. APTA's reauthorization proposal centers around three themes: (1) Increasing investment in the program; (2) Maintaining the TEA–21 funding guarantees; and (3) Streamlining transit program delivery.

Increasing Needs Means Increasing Investment in the Transit Program

APTA supports increasing investment in public transportation infrastructure. Additional funding is needed to maintain the existing capital investment and to expand core capacities in order to meet growing demand for service and support national policy goals. Overworked bus and rail fleets paired with increasing ridership have taken their toll over the years.

APTA has compiled a Transit Needs Synthesis Report, which summarizes and makes projections based upon estimates of transit capital needs studies conducted by APTA, the Federal Transit Administration (FTA), and the Community Transit Association of America (CTAA). A copy of the report is attached for the Committee's review. Based on the study, preliminary estimated total transit industry needs from fiscal year 2004 through fiscal year 2009 will be $253 billion. This is an average of $42 billion per year, in fiscal year 2003 dollars. The $42 billion annual amount includes: $12.4 billion annually to complete 208 transit new start projects authorized in TEA–21; $7.4 billion annually for buses and bus facilities to replace over vehicles and to expand bus fleets to increase service; $6.5 billion annually to expand the core capacity of existing transit infrastructure to meet existing demand and prepare for continued growth in demand; $6.2 billion for Fixed-Guideway modernization; and $3 billion for small urbanized and rural areas.

The Department of Transportation (DOT) is expected to release its biennial "Conditions and Performance" report this summer. The 1999 DOT report recommends an annual transit investment of $16 billion in order to improve both transit conditions and performance. However, the 1999 Conditions and Performance report is outdated because it is based on anticipated transit ridership growth of 1.9 percent. Yet, actual ridership growth has far outpaced the 1999 estimate. Adjusting to an annual ridership growth of 4.5 percent and in 2003 dollars, the DOT needs amount becomes $27.4 billion annually. AASHTO is also expected to release its "Bottom Line Report" in Fall 2002. The Bottom Line Report has been compiled prior to each recent reauthorization bill and assesses surface transportation capital needs for highways and transit. APTA also plans to do another survey of its members' funding needs later this year.

Maintain Transit Program Funding Guarantees

APTA supports maintenance of the transit program budgetary funding guarantees. TEA–21 included a significant budget act amendment which created new discretionary "mass transit" and "highway" spending categories under the discretionary budget cap. These discretionary funding "firewalls" for surface transportation spending have ensured that the transit program has grown at an average rate of about 9 percent since passage of TEA–21. Most importantly, the guarantees have provided transit authorities, States, and urbanized areas with certainty as to the level of funding they would receive each year. This is important because a stable funding stream is essential for transit authorities and States and metropolitan areas, who

need to develop long-term transportation plans and to efficiently manage capital projects. The reliability of the TEA–21 transit funding has prompted faster project implementation, and innovations in financing, building and operating transportation facilities. Transit authorities, States and metropolitan areas have put in place aggressive new transportation measures to take advantage of the funding guarantees and to fully accelerate critical, often delayed projects.

In addition, the provision has ensured that transportation trust fund revenues are spent for transportation purposes. This is critical because transit needs exceed $42 billion annually. Since Federal transit capital assistance now funds about half of all annual transit capital spending, this means that the Federal program when coupled with non-Federal matching funds is addressing less than one third of those needs. In this regard, APTA urges the Congress to fund the transit program at no less than the $7.2 billion guaranteed level in fiscal year 2003.

Streamlining Program Delivery

From streamlining the drug and alcohol testing program to simplifying the Federal procurement process, APTA's reauthorization task force is recommending a host of changes that would significantly simplify and improve existing Federal program mechanisms. We are organizing our efforts under four broad categories: Streamlining program delivery; Improving the planning process; Simplifying the procurement process; and revising other Federal programs. We look forward to sharing these many initiatives with the Committee.

Conclusion: Hold Fast! Preserve and Expand TEA–21

Mr. Chairman, the song *Hold Fast* ends with these words, "Keep your wits about you, and you'll never get a jar, if you listen to the man who runs the trolley . . . car!" In light of this admonishment, I urge the Committee to listen to the operators of the Nation's trolley cars and *Hold Fast! Hold Fast* by recognizing the many successes of TEA–21 which have enhanced the American quality of life; *Hold Fast* by increasing investment in the TEA–21 transit program; *Hold Fast* by preserving the transit guaranteed funding provisions; and *Hold Fast* by streamlining delivery of the transit program.

APTA appreciates this opportunity to testify on the development of legislation to continue programs authorized under the expiring Transportation Equity Act for the 21st Century. We believe that public transportation is an essential element of the Nation's transportation network, an element that can enhance and improve the entire system. We look forward to working with this Committee during the reauthorization process and would be pleased to provide additional information to assist you in your deliberations.

Testimony Before Senate Banking, Housing and Urban Affairs Committee

Prepared by Dale J. Marsico, CCTM
Community Transportation Association of America
March 13, 2002

Mr. Chairman: It is an honor and privilege for me to be here today at the beginning of a process that will reauthorize what is by any measure the best piece of public transportation legislation in the nation's history, the Transportation Equity Act of the 21st Century (TEA-21).

The Community Transportation Association of America and its almost 4,000 members who are directly involved in the delivery of public and community transportation throughout the United States were pleased to have worked with this committee in the past, and welcome the opportunity to work with you on the process that starts here today in this room.

Although by tradition and commitment our Association has always centered its activities on smaller transit operations, particularly those provided by community based activities often undertaken by nonprofit and faith-based institutions, we share the common commitment that all Americans, regardless of where they live, are best served by safe, reliable and cost-effective public and community transportation.

To paraphrase the works of Robert Frost, "We have much to look back upon with pride, and much to look forward to with hope."

This committee's bold vision for America outlined in our nation's landmark transportation effort, TEA-21, is a world-class example of how our nation has moved to a leadership position in the world on the mobility needs of our people. Many of the changes and innovations developed in this committee are now coming to fruition in local communities across the nation.

Our association has been in the forefront of expanding the traditional concepts of public transportation, and has worked with this committee in the past on strengthening America's rural transportation programs, increasing transportation services for those with disabilities, and strengthening services that assist those leaving public assistance and entering into not only the world of work, but into what we have always called the American Dream.

Through TEA-21, investment in public and community transportation has helped us to end welfare as we knew it and stemmed the isolation of thousands of our older citizens. And because of this investment, public and community transportation agencies rode to the rescue on the darkest day in American history by moving thousands of people out of harm's way in New York, Washington and around the country.

Although our investments and success are greater than what they were — there is much more that needs to be done. There is still much unmet transit need, and demand for public and community transportation services outstrips supply.

In our estimation, the success of TEA-21 ought not to be measured in vehicle miles, unduplicated trips or even overall ridership totals, important though they are. No, the success of TEA-21 must be measured by its impact on the American people. For ours is neither a business of infrastructure nor technology — it is all about moving people, to jobs, to school, to the doctor, to the mall, to social services and anywhere else. And it is on behalf of many everyday Americans that TEA-21 has succeeded grandly, which only underscores what the public and community transportation network would surely accomplish given the requisite federal investment we all know is needed in TEA-21's successor. Here are a few stories:

- In North Central Massachusetts, a young mother once walked several miles every morning just to get to work. She had no other way to go and worried that she might have to quit that job and return to public assistance. **Thanks to TEA-21**, a transit system was launched in her area, which has allowed her to keep that job.

• Along Oregon's Pacific Coast one morning, a community transportation bus driver pulled over her vehicle out of concern for a sobbing senior citizen seated on the bus. The passenger, a woman in her 80s, let the driver know that she'd been stuck in her house for seven years and didn't think she'd ever see the ocean again. **Thanks to TEA-21,** she had a ride.

• In Detroit, a daughter struggled with trying to keep her job while transporting her ailing mother to doctor's appointments. When her mother's kidneys began to fail and she needed regular dialysis, the daughter turned to community transportation, which, **thanks to TEA-21**, safely took her mother to and from these life-saving appointments.

• In Mitchell, South Dakota, senior citizens and their adult children were faced with an hour drive to chemotherapy in Sioux Falls. Some seniors actually chose to forgo these vital treatments to avoid inconveniencing their loved ones. Public transportation safely and efficiently filled this need, **thanks to TEA-21** investment.

• In New York City on September 11, a television news producer was pulled to safety by a Metropolitan Transit Authority bus driver who happened upon the scene. She later acknowledged that the driver saved her life. Elsewhere on that day, **thanks to TEA-21**, public and community transportation systems around the nation moved millions of Americans safely.

There are, literally, millions of stories like these everyday, played out across the country, where public and community transportation are making a real difference in people's lives. The guaranteed record investment levels in TEA-21 made many of these vignettes possible.

On behalf of all the Americans who have benefited from the landmark legislation that was TEA-21, I wish to thank this committee, which led Congress to make these vital public and community transportation investments.

Finally, it is altogether appropriate for all of us to acknowledge the men and women of public and community transportation for their dedicated work in the communities they serve. We would not be here today without their everyday contributions.

Building Transit Investment

Our vision of America's public and community transportation future is based upon fundamental values that are as old as the nation itself. Freedom, independence, dignity and choice are as much at the heart of the debate for building an accessible society as they have been in building a free society. There is never an end to the work to create a free society, and there will never be an end to our work to build a more mobile society. Both of these noble pursuits will always remain great works in progress.

Americans have been trying to build their mobile society for many years. Part of this mobility can be seen in the mass production of automobiles and highways that surround our nation, our cities and our neighborhoods. It can also be seen in the proliferation of airports and regional air carriers that have grown dramatically in recent years. While our commitment to mobility and choice as fundamental American values never grows old, our approach can become outdated and require a reappraisal of how we must address our mobility future.

Public and community transportation are vital ingredients to our nation's future success and must be a key element in assuring both mobility and choice. A society that now includes a growing population of seniors needs new and expanded public and community transportation alternatives that allow them continued mobility and choice. Areas with staggering air quality problems and congestion require alternatives that help reduce traffic and improve the environment. Communities in decline or those that have been abandoned demand new and improved connections as part of their renewal efforts.

Public investment is always required for the advance of freedom and the advance of mobility in any society. To move forward, a free society invests heavily in important areas required for its success in the future. We see important public investment in our educational systems, our health care activities and in cutting-edge scientific research.

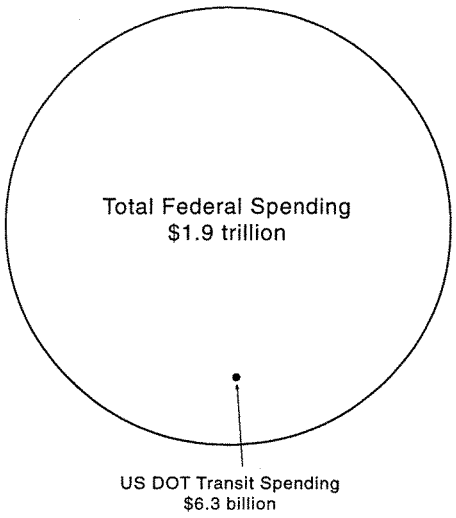
Public and community transportation need the same kind of commitment and investment if we are to maintain and enhance our nation's mobility. Every so many years, major transit legislation appears on the horizon

in Washington, as it does in the state house or at city hall. Our previous hard-fought work in the legislative arena resulted in the creation of the Transportation Efficiency Act for the 21st Century, TEA 21. The process of looking at current transportation investment and policy at the national level is about to begin again. The reauthorization of TEA-21 will decide many of our most important possibilities. Our commitment to public and community transportation will be tested during this long and complicated process. The period ahead is an important opportunity to advance our cause and move the nation's mobility forward. In preparing for that discussion and work, and in entering the fight for improvements, the Community Transportation Association of America has created a series of proposals that describe the position of its members across the nation. This is our core program — a call to build the Community Transportation National Transit Renewal Program.

	2000 Census	2009 Projection	Percent Growth
Total U.S. population	281.4 million	297.4 million	+5.7%
Transit-dependent pop.	103.9 million	114.7 million	+10.4%
Persons age 85+	4.4 million	5.7 million	+29.5%
Population of air quality non-attainment areas	134.1 million	143.7 million	+7.2%

Where We Are Now

Transit and the Federal Budget 2001



Our Principles

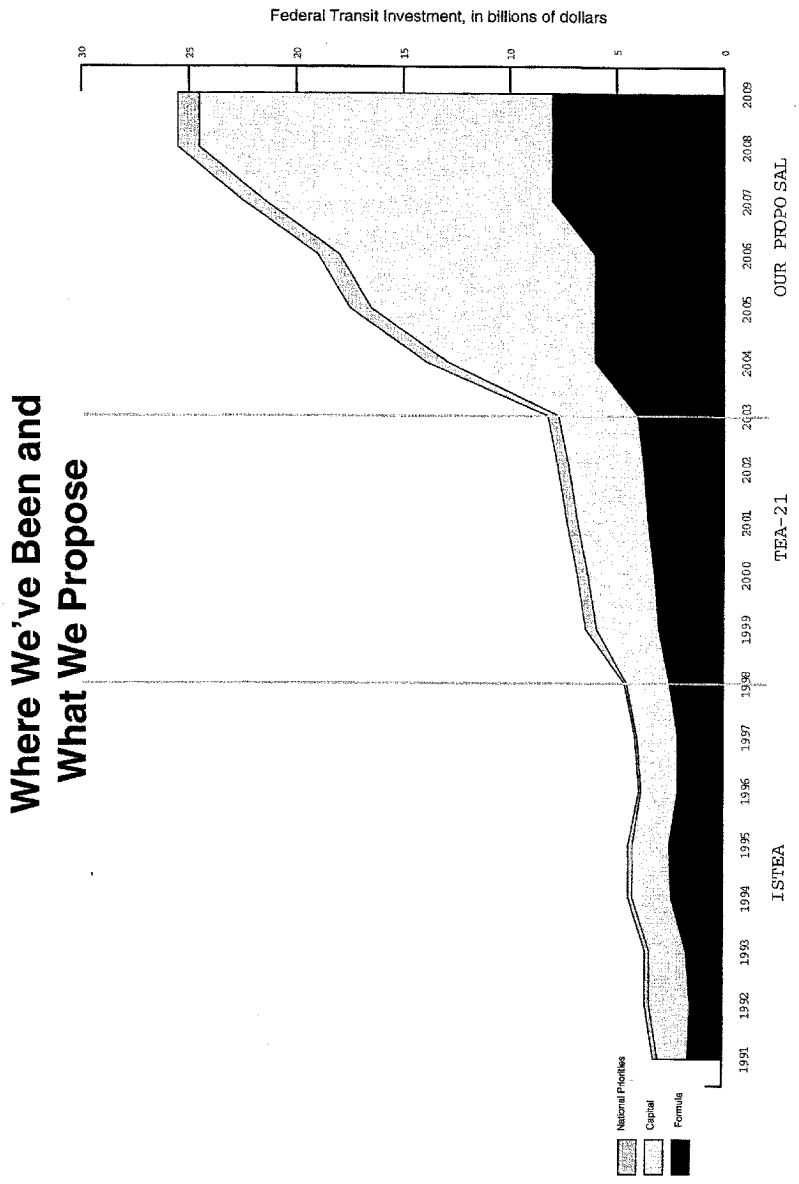
The basic principles of our National Transit Renewal Program are based on the experience we and our members have had in the current period, as well as our projections of needs for future transportation initiatives and efforts.

Any reauthorization for highway and transit legislation must include:

- Investment: Greater federal investment for all community and public transportation programs.
- Innovation: New and innovative investment strategies for community and public transportation.
- Security: Maintenance of the fiscal protections and guaranteed funding levels of TEA 21.
- Deregulation: All regulatory burdens placed on the community and public transportation field must be examined to ensure necessity and efficiency.

America's Growing Transit Need

Currently, less than one-half of one percent of the entire federal budget


Where We've Been and What We Propose
Federal Transit Investment, in billions of dollars
30
25
20
15
10
5
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
ISTEA
TEA-21
OUR PROPOSAL
National Priorities
Capital
Formula

Our Proposal

(in billions of dollars)

Fiscal Year	National Priorities	Capital Funds	Formula Funds	Total
2004	$1.0 billion	$6.9 billion	$6.0 billion	$13.9
2005	$1.0	$10.5	$6.0	$17.5
2006	$1.0	$12.0	$6.0	$19.0
2007	$1.0	$13.5	$8.0	$22.5
2008	$1.0	$16.5	$8.0	$25.5
2009	$1.0 billion	$16.5 billion	$8.0 billion	$25.5

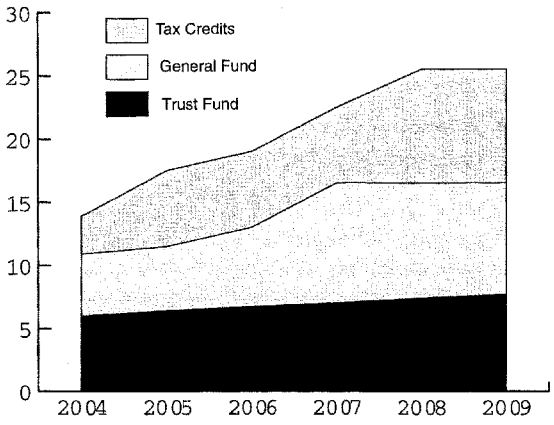
goes to transit programs, which is altogether inadequate. For the nation's public and community transportation programs to continue to grow and adequately serve the American people, there must be increased federal investment and not merely a one or two percent increase. We estimate it will take at least several billion additional dollars before the transit program will be able to offer a seamless national network of public and community transportation.

Our association envisions the creation of a truly national program with significantly increased investment in rural and small-urban communities, as well as in our nation's large cities. Our objective is a continuing series of significant, guaranteed funding increases over the life of the next authorization that will bring to public and community transportation the equity of federal investments they have earned.

Even though transit spending is an almost insignificant speck in the federal budget, increasing numbers of Americans are turning to public and community transportation as their means of getting to work, shopping, education and myriad other activities of daily life. Thanks in large part to increased federal investment, transit ridership has reversed its earlier decades of decline, and has increased at an annual rate of between three and five percent every year since 1995 .

At that rate, the nation's transit ridership can be expected to exceed 12 billion trips per year in 2009. This figure represents what can be expected with little additional investment, and is based on the growing demand for existing transit services at current levels of service. It is impossible to predict how many billions of trips would occur if transit programs were more widely available and in better condition, but advocates in every community can readily identify dramatic levels of unmet transit need.

Our nation's population is growing. The necessity of public and community transportation is increasing even more rapidly. Using current Census data and projections, the table above indicates the need for expanding the transit program during the next authorization period.



Several key facts emerge from these projections. Perhaps the most dramatic is that the number of people age 85 and older is growing at a much higher rate — nearly four times faster — than the general population. Traditional automobile and fixed-route rail and bus services often fail to meet these seniors' transportation needs. Moreover, this "85-plus" portion of our nation's population is growing in areas

such as the Sunbelt, rural Appalachia, the Upper Great Plains, and other areas where traditional transit services, if at all available, are less extensive.

Other constituents of the nation's transit-dependent population — seniors age 65 and older, persons with disabilities, poor families — also are growing at a rate nearly double that of our country as a whole. Since these people make up the core market for transit in most communities, it is safe to predict that demand for transit services, especially more flexible, nontraditional services, will increase significantly over the next many years.

Medical transportation has long been a defining role for community transportation, but it can no longer meet the challenge of senior medical transportation alone — or without help. With services designed to meet the needs of people, community transportation operators offer their service areas flexibility, availability, convenience and cost-effectiveness. More simply, these agencies have succeeded because they perfectly meet the needs of the customers they serve.

Traditional public transportation is too often not a real option for seniors. Forty-foot fixed-route buses can be inaccessible due to factors as varied as the bus stops, weather and steep stairs.

Federal investment in a public and community transportation medical mobility component would help citizens, communities and government programs alike to avoid more expensive emergency medical services, to get to a routine doctor's appointment or to access pharmacies. In this role, community transportation saves money and improves lives.

Non-emergency medical transportation must be thought of as preventative or treatment transportation. These trips are typically non-urgent in nature, but many are of the utmost importance for individuals with chronic illnesses, surgical follow-ups or ongoing therapy.

At many community transportation systems, medical trips represent the single-most popular trip destination. And more often than not, these medical trips transport senior citizens. For these operators, additional public and community transportation investment would be a logical component in any TEA-21 reauthorization.

Transit often is touted as part of the solution for communities' air quality and traffic congestion problems. Expanded and creative transit solutions will be needed in the future, as the number of Americans living in air quality "non-attainment" areas will increase more than seven percent during the next ten years. In talking about air quality concerns, future attention will have to increase its focus on rural areas and small cities. Non-attainment areas, for instance, include dozens of rural areas, such as Telluride, Colo., the Owens Valley of California, Door

Our Formula Proposal

(in billions of dollars)

Fiscal Year	Large Sec. 5307	Small Sec. 5307	Sec. 5311	Total
2004	$3.6 b.	$1.2 b.	$1.2 b.	$6.0
2005	$3.6	$1.2	$1.2	$6.0
2006	$3.6	$1.2	$1.2	$6.0
2007	$4.8	$1.6	$1.6	$8.0
2008	$4.8	$1.6	$1.6	$8.0
2009	$4.8 b.	$1.6 b.	$1.6 b.	$8.0 billion

Our Capital Proposal

(in billions of dollars)

Fiscal Year	Bus & Bus Facilities	New Rail Starts	Rail Modernization	Total Capital
2004	$2.3 b.	$2.3 b.	$2.3 b.	$6.9
2005	$3.5 b.	$3.5 b.	$3.5 b.	$10.5
2006	$4.0 b.	$4.0 b.	$4.0 b.	$12.0
2007	$4.5 b.	$4.5 b.	$4.5 b.	$13.5
2008	$5.5 b.	$5.5 b.	$5.5 b.	$16.5
2009	$5.5 b.	$5.5 b.	$5.5 b.	$16.5 billion

County, Wisc., numerous rural Appalachian communities, and the entirety of southern New England.

Traffic congestion will worsen, too, in the next ten years. This will pose a growing challenge for transit to become a more viable alternative to personal automobile use. While congestion continues to be a feature of our nation's largest cities, worsening at a rate of 5 percent a year, data from the Texas Transportation Institute suggests that traffic congestion in small cities is increasing at a much more dramatic rate of 11 percent a year. With adequate public investments, this could be seen as a tremendous opportunity for transit to become part of more communities' strategies to avoid gridlock at their town squares and crossroads.

Financing the New Federal Transit Program

Today the Mass Transit Account of the Highway Trust Fund makes up a significant portion of the current program, with a small amount from general revenue funding. Our proposal envisions a more balanced and diversified approach to transit investment. We propose building on this foundation and creating a mix of trust fund, general fund and tax credit investment to meet the expanding need for public and community transportation alternatives for all Americans. The most significant departure from the current program funding involves an innovative use of tax credits to finance mobility growth and expansion.

Tax credits are a proven, effective model for public-private partnerships; more than 30 major tax credit and tax-exempt bond programs currently exist, generating more than $300 billion a year to the national economy. Two related initiatives are excellent models for transit experimentation with tax credits. Amtrak currently has plans for tax-credit financing, under consideration by both the House and Senate. Before his administration left office, then-President Clinton created the New Markets Tax Credit program of more than $25 billion to address economic development in low-income communities. We envision transit tax credits as a way to finance capital-intensive projects, such as rail-related transit projects, buses and bus facilities, as well as other important transit capital investments.

Besides tax credits, our proposal continues to utilize the Mass Transit Account of the Highway Trust Fund to finance part of America's investment in the future of public and community transit. We project small but steady growth in transit revenue over the life of the next reauthorization. Trust funds and tax credits alone cannot meet all the federal investment requirements for a truly national public and community transit program. Our proposal calls for providing general funds from the federal budget to enhance national transit activities. Addressing the lack of services in rural America, air quality issues, congested highways, and guaranteeing access for America's seniors are important priorities for national financing whether through trust funds, tax credits or general funds.

Proposed Formula Allocations

Times change. Census numbers, population figures, mobility needs and commuting patterns change, too. But for the longest time, the distribution of federal formula and capital transit grants have remained unchanged. It's time these formulas were updated to more adequately reflect the need, as well as the current usage, for public and community transit services. Under our reauthorization proposal, no single program would experience any reduction in funds. However, our con-

cept does include several significant changes in the current federal funding formulas. Currently, federal capital grants are dispersed at 40 percent new rail starts; 40 percent rail modernization; and 20 percent buses and bus facilities. We propose to change that formula to a more equitable one-third, one-third, one-third split. Bus trips make up the majority of daily public and community transportation, and ought to receive more federal capital investment. Many states have little or no rail services, and thus are unfairly penalized under the current formula. And for the rural and small-urban transit organizations, an increase in capital investment is long overdue. Using our new formula and investment levels, the new starts and rail modernization programs would almost double the first year of the program from $1.2 billion to $2.3 billion. Eventually, by 2009, the two programs would receive $5.5 billion in federal capital investment. The growth for the bus and bus facilities program is more pronounced, going from $607 million in 2003 to $2.3 billion in 2004 and ending up, by 2009, also at the $5.5 billion level. This large increase in bus and bus facilities will help address the capital crisis in the bus field.

As with the capital grants, we envision a significant change, too, in the federal formula grant program. We propose doing away with the current formula of 83 percent of all formula funds going to large-urban areas of more than 200,000 in population; 9 percent going to small-urban areas of between 50,000 and 200,000 populations and 6 percent going to rural areas of less than 50,000 population. Our new formula would be 60 percent large-urban, 20 percent small urban and 20 percent rural. This concept comes directly from the formula adopted by Congress for the Job Access and Reverse Commute program. Further, under our proposal, each state would be guaranteed $5 million annually in rural transit investment, with the remaining such funds distributed along the current rural population-based formula. Similar to our capital investment proposal, under this formula investment scenario, all sectors would grow right from the first year.

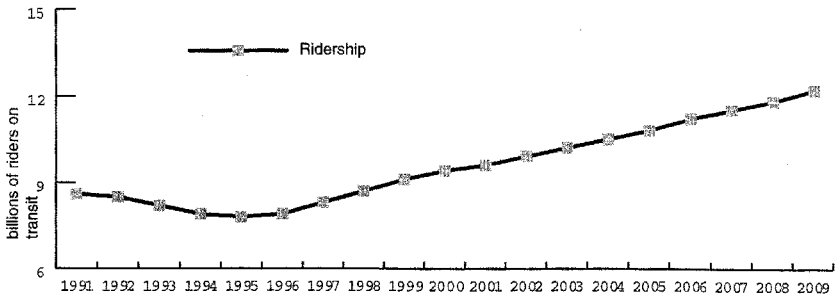
Reforming the Regulatory Process as Part of Reauthorization

Even as we take the opportunities presented by TEA-21, and fashion the best possible network of transit services for our nation, a variety of stumbling blocks continue to thwart our progress toward achieving the goals of this landmark legislation. As part of today's testimony we have three major points to share with you.

First, there needs to be greater flexibility in managing our nation's public and community transportation program.

Second, any TEA-21 reauthorization must recognize that public and community transportation is a partnership of federal, state and local interests. Reauthorization should establish a better working relationship and partnership building between transit providers, states and federal agencies.

Third, this committee should investigate the possibility of developing waivers to assist public and community transportation providers. A waiver program is not meant to be a wholesale abandonment of federal responsibility but to provide for appropriately shared



responsibilities with local communities. The Congress can control this process by assigning specific functions or regulations to be subject to a potential waiver process so that rules of national priority are not abandoned but made more flexible.

Most federal agencies have appeals boards, administrative law judges, alternative dispute resolution procedures and similar venues for adjudicating disputes between the federal government and its constituents. And we think that the federal transit programs need similar processes.

Conclusion

President John F. Kennedy once said that the journey of a thousand miles begins with a single step. In many ways, this hearing represents the first step in the long journey to reauthorize public and community transportation legislation for our nation.

We appreciate the time and attention to our concerns shown by the committee today. By working together, making the right decisions and moving America forward, we will continue to make our nation the most accessible, mobile society in the history of the world.

TRANSIT NEEDS SYNTHESIS REPORT

Estimates of transit capital needs in specific categories have been made by the American Public Transportation Association (APTA), the Federal Transit Administration (FTA), and the Community Transportation Association of America (CTAA). This paper summarizes a number of existing estimates and translates them into comparable FY 2003 dollars.

Estimated Total Six-Year Capital Needs: $253 billion, FY 2003 dollars.

Draft estimated total transit industry needs from all sources for capital, planning, and research funds from FY 2004 through FY 2009 will be $253 billion, an average of $42 billion per year, measured in FY 2003 dollars. This draft amount is intended to include all potential investment in transit in an unconstrained environment. These needs include funds from all levels of government including federal transit funds, funds from other federal sources, state funds, local government funds, passenger fares, and private funding sources. Only activities which are eligible uses for federal funding are included. Funding for operating needs not eligible by law for federal funding are excluded. The level of needs by purpose are reported on Table 1.

Table 1: Summary of Needs From Prior Studies from All Levels of Government

Category of Need and Source	Amounts Reported in Studies			Amounts in Projected FY 2003 Dollars	
	Year of Study	Annual Average (Billions)	FY 2004 - FY 2009 Total (Billions)	Annual Average (Billions)	FY 2004 - FY 2009 Total (Billions)
New Starts, Based on FTA Report	2001	11.57	69.40	12.38	74.30
Fixed-Guideway Modernization, Based on FTA Report	2000	5.37	32.21	6.26	37.52
Bus and Bus Equipment, APTA Report	2000	6.55	39.28	7.43	44.56
Core Capacity, APTA Rail Transit CEOs Subcommittee Survey	2001	6.12	36.70	6.46	38.75
Incremental Needs of Small Transit Intensive Cities, Based on FTA Report	2000	0.05	0.30	0.06	0.37
Rural and Small UZA Needs, Based on CTAA Report	2003	2.80	16.80	2.80	16.80
Other Needs Eligible for Federal Funding, APTA Estimate	2003	6.75	40.51	6.75	40.51
Total Needs	---	**39.21**	**235.20**	**42.14**	**252.81**

Two amounts are reported for average annual need and for six-year total need. The first pair of amounts are dollars as reported in or estimated from each source. The second pair of amounts are the dollars reported in each study inflated to FY 2003 dollars. Consumer price index values used to project FY 2003 dollars are taken

from *The Budget and Economic Outlook: Fiscal Years 2002-2011*, Congressional Budget Office, January 2001. The procedures followed to arrive at each of these amounts are described in the following sections.

Also reported for comparison, on Page 7, are need levels derived from expanding information presented in the U.S. Department of Transportation (DOT) *1999 Conditions and Performance* (*C&P*) report, May 2000.

New Starts, $69.4 billion, Remaining Needs for Projects That Have Received Appropriations During TEA 21 Period, 2000/2001 dollars.

The Federal Transit Administration submits annually to Congress an *Annual Report on New Starts.* The *FY 2002 Annual Report on New Starts*, May 2001, and *Supplemental Report on New Starts*, December 2001, provide extensive funding and needs data for projects with Full Funding Grant Agreements and in Final Design or Preliminary Engineering. Limited detail is provided for other authorized projects and projects that are not authorized but have received appropriations during the TEA 21 period. Table 2 reports detailed needs for the 75 projects that are in Preliminary Engineering or a higher status in those reports and less detailed estimated needs for 80 additional projects not yet in Preliminary Engineering but which have received appropriations during the TEA 21 period. The total funds needed to meet the full cost of all projects that have received some appropriations is estimated to be $83.7 billion. An estimated $14.4 billion of that need has already been appropriated by the federal government or made available by state and local governments leaving an unmet need of $69.4 billion.

For purposes of this report all projects that have received appropriations are anticipated to be ready for full funding from FY 2004 through FY 2009. Although additional funds will be made available in FY 2003 appropriations, it can be anticipated that additional projects will advance to the stage at which they need funding. The amount of funds needed for projects not yet in Preliminary Engineering is estimated from the average needs of those projects for which cost data are reported.

APTA estimated funding needs for all known new start projects in "Estimation of Long-Term New Start Program Needs," April 2000. That estimation was based on data reported in the *FY 2001 Annual Report on New Starts*, March 2000, and additional projects reported in APTA's *1999 Transit Fixed Guideway Inventory*, October 1999. The APTA report included 265 projects not listed in the FTA *FY 2001 Annual Report on New Starts*. The total long-term new start need for all identifiable projects, excluding those with insufficient data to make estimates, was $147.5 billion. Approximately $10 billion of this amount had already been provided leaving a net need in excess of $137.5 billion. In preparation of that estimate, no projects were included that did not have a minimal amount of information defining project size by number of stations or miles of route. Had further information been available, the estimate would have been greater. The estimate used as the primary value in this report, however, included an estimate for all projects included in the parameters of that estimate.

Fixed-Guideway Modernization: $32.2 billion for Six Years, 1997 dollars.

The Federal Transit Administration is in the process of conducting a thorough survey of rail modernization needs. The last survey was the *Rail Modernization Study* published in April 1987. That study found a rail modernization need of $17.9 billion in 1983 dollars which inflates to $33.6 billion in projected 2003 dollars. The 1987 report included transit operators in only 13 urbanized areas or subareas whereas in FY 2002 fixed guideway modernization funds were allocated to transit operators in 52 urbanized areas or subareas.

Table 2: New Starts Projects Reported in *FY 2002 Annual Report on New Starts* as of November 2000

Status of Project	Number of Projects	Total Funding Needs for TEA 21 Authorized or Appropriated New Starts Projects (Millions of Dollars)				Funds Already Available by FY 2002 and Remaining New Starts Funding Needs (Millions of Dollars)			
						Funds Made Available (a)		Remaining Needs	
		Federal Section 5309 Funds	Other Federal Funds	State and Local Funds	Total Funds	Section 5309 Appro-priations	Estimated Total All Sources (b)	Section 5309 Federal Funds	Estimated Total All Sources (b)
Full Funding Grant Agreements (Including Pending)	28	8,453.2	1,823.9	7,300.7	17,577.7	4,980.0	10,345.5	3,473.1	7,232.2
Final Design	9	1,456.0	167.4	1,458.5	3,081.9	244.4	517.4	1,213.6	2,564.5
Completed Preliminary Engineering (c)	4	129.4	21.5	55.4	206.3	38.7	61.8	90.7	144.5
Preliminary Engineering	27	7,691.3	930.3	6,880.1	15,501.6	503.2	1,014.2	7,188.1	14,487.4
Completed Alternatives Analysis (c)	7	2,103.4	311.8	1,997.2	4,412.4	60.7	127.4	2,042.7	4,285.0
Subtotal Completed Alternatives Analysis of More Advanced	**75**	**19,833.2**	**3,254.9**	**17,691.8**	**40,779.9**	**5,827.2**	**12,066.3**	**14,008.1**	**28,713.7**
Additional Authorized Projects Having Received Appropriations	65	16,962.6 (b)	2,783.8 (b)	15,131.2 (b)	34,877.6 (b)	369.0	2,000.0 (b)	16,593.7 (b)	32,877.6 (b)
Additional Projects, Not Authorized, Having Received Appropriations	15	3,914.5 (b)	642.4 (b)	3,491.8 (b)	8,048.7 (b)	68.5	300.0 (b)	3,846.0 (b)	7,748.7 (b)
Subtotal Advanced and Receiving Appropriations	**155**	**40,710.3 (b)**	**6,681.0 (b)**	**36,314.8 (b)**	**83,706.2 (b)**	**6,264.6**	**14,366.3 (b)**	**34,447.7 (b)**	**69,399.9 (b)**
Additional Authorized Projects Not Yet Receiving Appropriations	53	13,831.1 (b)	2,269.8 (b)	12,337.7 (b)	28,438.6 (b)	0.0	500.0 (b)	13,831.1 (b)	27,938.6 (b)
Total Authorized or Appropriated	**208**	**54,541.4 (b)**	**8,950.9 (b)**	**48,652.6 (b)**	**112,144.8 (b)**	**6,264.6**	**14,866.3 (b)**	**48,278.8 (b)**	**97,278.6 (b)**

(a) Includes FY 2002 appropriations.
(b) Estimated by APTA.
(c) As of August 2001.

The FTA's *1999 Conditions and Performance Report*, more throughly described in the next section, reports needs in categories that can be aggregated to estimate a rail modernization need figure. Total rail needs to improve conditions and improve performance for replacement and rehabilitation of vehicles and non-vehicle assets is $5.37 billion per year in 1997 dollars which inflate to $6.26 billion per year in projected 2003 dollars. For six years the need is therefore $32.21 billion in 1997 dollars and $37.52 in projected 2003 dollars. These amounts are included in summary Table 1.

Bus and Bus Equipment: $39.3 billion, FY 2004 through FY 2009, 1998/1999 dollars.

APTA's "Projecting Bus Capital Investment Needs", May 2000, estimated total bus capital needs for all purposes of $39.3 billion from FY 2004 through FY 2009. The estimate was made in 1998/1999 dollars. Inflated to 2003 dollars, annual needs are $7.4 billion and six-year needs are $44.6 billion. Needs by category are shown on Table 3.

Needs by category are estimated as follows:

Replacement Buses and Vans for Current Fleet: The entire U.S. bus and van fleet is estimated to be 107,540 vehicles as reported in the *APTA 2000 Public Transportation Fact Book*, March 2000. The proportion of the fleet in each of six vehicle size categories (large buses 51' and longer, large buses 38' to 50', large buses 33' to 38', medium buses 28' to 32', small buses and vans 21' to 27', and vans 20' or shorter) and the average price for vehicles in those size groups is taken from the APTA *1999 Transit Vehicle Data Book*, May 1999. Economic service life for each vehicle group is taken from Federal Transit Administration (FTA) *Circular FTA C 9300.1, Capital Program: Grant Application Instructions*, October 2001. The number of vehicles that reach their economic age each year in each category is then determined and multiplied by the average price for vehicles in that group.

New Buses and Vans for Expansion at 4% per Year: The 4 percent per year expansion is set for illustration purposes; this rate is not an APTA policy.

Table 3: Bus and Bus Equipment Funding Needs from FY 2004 through FY 2009
(1998/1999 Dollars, No Adjustment for Inflation)

Need Category	Average Annual Amount (Millions of Dollars)	Six-Year Total (Millions of Dollars)
Replacement Buses and Vans for Current Fleet	2,254.3	13,525.6
New Buses and Vans for Expansion at 4% per Year	1,040.2	6,241.5
Replacement Buses and Vans for Expansion Vehicles	4.0	23.8
Maintenance Facility Needs	730.5	4,383.1
Bus Other Needs	2,516.9	15,101.3
Total Bus and Bus Facility Needs	6,545.9	39,275.3

Replacement Buses and Vans for Expansion Vehicles: These are replacements for new expansion vehicles that have exceeded their economic lives, with the expansion beginning in FY 2000 in this model. Only new expansion small buses and vans will have exceeded their economic lives by FY 2009 in this model.
Maintenance Facility Needs and Bus Other Needs: These needs are estimated from historic federal funding ratios applied to estimated vehicle needs from FY 1991 through FY 1999, "Bus Purchases" was 50.4 percent of all federal funding for buses, bus "Maintenance Facilities" was 11.2 percent, and "Bus Other" was 38.4 percent. The amounts for Maintenance Facility Needs and Bus Other Needs on Table 2 are estimated by applying these proportions to the amounts estimated for replacement and expansion vehicles.

Core Capacity: $36.7 billion short-term; 2001 dollars.

The APTA Rail Transit CEOs Subcommittee conducted a survey of rail transit systems in the Fall of 2001. They asked respondents to estimate their needs for major capital investment in additional fixed guideway transit capacity to meet existing capacity needs and to accommodate expected future demands. No time limit was included in the question but needs are viewed as current or short-term, not long-term, needs. Responses were received from 14 agencies which provide 64 percent of all rail transit service measured by vehicle miles operated. The respondents reported an aggregate need of $23.4 billion. Expanded for non-participating systems, the total need would be $36.7 billion. Inflated to 2003 dollars the average annual need is $6.5 billion and the six-year need $38.8 billion.

The determination of whether a funding need is for core capacity, fixed-guideway modernization, or new start funds was made by the responding transit agency. In some cases the traffic on rail lines has reached such proportions as to exceed the potential capacity increase of an existing line, thus an alternative new line in the corridor is needed to alleviate congestion. It is uncertain whether responding agencies included those new lines in core capacity or consider them to be new starts. This estimate should, therefore, be considered a low estimate.

Incremental Needs of Small Transit Intensive Cities: $26.2 million, for 20 urbanized areas at FY 2000 appropriation levels.

Formula funding for urbanized areas with populations less than 200,000 is calculated only from population and population density data, service factors are not a part of the formula. Because of this, some small UZAs receive smaller apportionments than they would receive if service factors were included in their formula in the same way that they are included for larger UZAs. The FTA *The Urbanized Area Formula Program and the Needs of Small Transit Intensive Cities*, September 2000, measured this discrepancy.

The report noted that "no explicit needs assessment is made in allocating formula funding among urbanized areas. Instead, the formula factors used can be viewed as surrogates for the basic transit needs of local communities." (footnote, Page 3) The FTA identified 20 small urbanized areas that met at least four of eight criteria for small transit incentive cities. If small UZA funds had been distributed using service factors as well as demographic factors in the same manner that funds are distributed for larger urbanized areas, these 20 areas would have received an additional $26.2 million in the FY 2000 apportionment. If the 20 areas received the same proportion increase of the FY 2003 guaranteed funding level for urbanized area formula funds, their apportionment would increase $33.6 million.

A total of 104 small urbanized areas would have received an increase in funding if funds were distributed by a service and population formula rather than only a population formula in FY 2000. The gain for those areas

would have been $49.2 million. Adjusted to the level of FY 2003 guaranteed appropriation levels, the increase would have been $61.1 million.

Rural and Small UZA Needs, $16.8 billion, adjusted dollars.

The Community Transportation of America's *Full Steam Ahead for Reauthorization*, July/August 2001, presents a comprehensive reauthorization proposal for transit funding based on a projection of anticipated long-term transit funding needs. Funding needs for several of the categories included in the proposal are included in needs studies reported above. The proposal, however, calls for funding increases for small urbanized areas and rural areas above the levels included above. For the six-year reauthorization period, the CTAA proposes $8.4 billion total funding for small urbanized areas and $8.4 billion total funding for rural areas. The proposed funding levels are for federal funds only, hence total funding and total need would be greater than this amount. The methodology used to arrive at the funding and supporting needs levels is not described in the report.

Other Needs Eligible for Federal Funding Not Included in Cited Surveys:

Several other uses that are eligible for federal funding are not included in the needs summary presented on Table 1 because they have not been estimated in existing studies. These needs include funding for preventive maintenance, planning, and national research and training. Minimum values for some of these programs can be estimated from current federal spending levels.

Table 4: Needs Estimates Based on Current Federal Spending and Appropriations

Program	FY 2000 Federal Obligations (Millions)	FY 2003 Guaranteed Federal Funding (Millions)	Estimated Needs, See Text	
			Average Annual (Millions)	Six-Year Total (Millions)
Preventive Maintenance	703.8	---	6,112.8	36,676.8
ADA Complementary Paratransit Service	16.2	---	22.0	132.0
Job Access/Reverse Commute	60.1	150.0	300.0	1,800.0
Planning	167.8	73.0	228.0	1,368.0
Research (including University Transportation Research)	---	55.0	89.0	534.0
Total All Programs	---	---	6,751.8	40,510.8

Preventive Maintenance: Preventive maintenance is an eligible use of federal capital funds for any maintenance purpose. Total transit expenditures for maintenance, both vehicle and non-vehicle in 1999 were $5,648.9 million. Increased to 2003 levels based on the anticipated growth in the Consumer Price Index, preventive maintenance expenditures would be $6,347 million. This increase does not account for any increase in transit service. Reduced for duplication with rural costs included in the CAA estimate above, the remaining preventive maintenance need would be $6,112.8 annually.

ADA Complementary Paratransit Service: Federal capital funds are eligible, under certain limitations, to be used for complementary paratransit service to meet the requirements of the Americans with Disabilities Act

(ADA). In 2000, the FTA obligated $16.2 million for this purpose. Expanding this amount for inflation and to account for the 80 percent federal and 20 percent local matching ratio would produce a need of $22 million in projected 2003 dollars.

Job Access/Reverse Commute: The Job Access and Reverse Commute program has a guaranteed authorization of $150 million in FY 2003. Because grants from this program require a 50 percent local match, the total program level from all sources in FY 2003 would be $300 million. The projected program level in FY 2003 is used as a surrogate for need on Table 4.

Planning: Federal grants for planning uses from all programs including both formula funds and planning funds were $167.8 million in FY 2000. Adjusted for inflation to 2003 and increased to include the local matching share, the amount becomes $228 million. This projected level is used as a surrogate for need on Table 4.

Research: The guaranteed authorization for research, including University Transportation Centers, in FY 2003 is $55 million, 18 percent less than the $67.4 million appropriated for these purposes in FY 1992. If the amount appropriated in FY 1992 were adjusted for inflation, its value in 2003 would be $89.9 million. An additional $34 million in non-guaranteed funds are authorized for these programs in FY 2003 bringing the total authorization to $89.0 million. This amount is used as a surrogate for need in Table 4.

The sum of these needs is $6,751.8 million per year, with a six-year total of 40,510.8 million.

Federal Transit Administration Conditions and Performance Report Adjusted for Ridership Growth and Inflation: $140.4 billion for Six Years, 1997 dollars for All Capital Uses from All Levels of Government.

The U.S. Department of Transportation *1999 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance* (*C&P*), May 2000, estimates an annual average transit need for the twenty-year period 1998-2017. The estimated need is for all capital purposes including funds from all levels of government. Needs are projected in 1997 dollars for four scenarios with the assumption of an annual average growth in ridership of 1.9 percent. The highest category of need is to improve conditions and improve performance of transit systems. The reported need for that category with a 1.9 percent ridership growth is $16.0 billion per year in 1997 dollars

Data are also provided in the report that allow derivation of formulas to estimate needs at higher levels of ridership growth. At 4.5 percent annual ridership growth, the approximate average of the past four years, the annual funding need to improve conditions and improve performance is $23.4 billion annually, or $140.4 billion for six years in 1997 dollars. Inflated to 2003 dollars the annual need is $27.3 billion and the six-year need is $164.1 billion. The procedure used to derive this estimate is presented in detail in APTA's "Summary of Transit Funding Needs as Reported in *1999 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance*," December 5, 2000.

Table 5 shows *C&P* cost estimates by categories similar to existing transit funding categories. The first column of needs reports the actual amounts in the *C&P* report in 1997 dollars with a ridership increase of 1.9 percent per year; the second column of data reports needs estimated by APTA based on *C&P* data in 1997 dollars with a ridership increase of 4.5 percent per year; and the final column inflates amounts for the 4.5 percent ridership growth to 2003 dollars.

Table 5: *1999 Conditions and Performance*, Improve Conditions and Improve Performance Needs Assigned to Program Categories (Millions of Dollars)

Need Category	Cost Reported in *1999 Conditions and Performance* (a)	Cost with 4.5 Percent Annual Passenger Trip Increase (b)	Cost with 4.5 percent Growth Inflated to FY 2003 Dollars (c)
Bus Replacement and Rehabilitation	2,445	3,576	4,166
Bus Expansion and New Bus	1,548	2,264	2,638
Rail Replacement and Rehabilitation	5,639	8,247	9,609
Rail Expansion and New Bus	5,916	8,652	10,081
Elderly and Disabled	298	436	508
Nonurbanized Area	203	297	346
Total	16,049	23,472	27,347

(a) Improve conditions and improve performance cost with an 1.9 percent annual passenger trip growth rate.
(b) Estimated by APTA from formulas derived from *C&P* Sensitivity Analysis data.
(c) FY 2003 Consumer Price Index projections from Congressional Budget Office *The Budget and Economic Outlook: Fiscal Years 2002-2011.*

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For questions, contact John Neff, Senior Policy Researcher, at (202) 496-4812 or by E-mail at jneff@apta.com.

Committee on Transportation & Infrastructure

Witness Disclosure Requirement - "Truth in Testimony"

Required by House Rule XI, Clause 2(g)

Your Name: William W. Millar, President, APTA		
1. Are you testifying on behalf of a Federal, State, or Local Government entity?	Yes X	No
2. Are you testifying on behalf of an entity other than a Government entity?	Yes	No X

3. Please list any federal grants or contracts (including subgrants or subcontracts) which you have received since October 1, 1999:

APTA has been the recipient of cooperative agreements from the Federal Transit Administration, including -

- o To develop a transit performance monitoring system (app. $500,000)
- o To conduct workshops on various program issues (app. $15-25,000 per issue)
- o To develop ITS interface standards (app. $500,000)

4. Other than yourself, please list what entity or entities you are representing:

Certain public and private sector members of the public transportation industry.

5. If your answer to question number 2 is yes, please list any offices or elected positions held or briefly describe your representational capacity with the entities disclosed in question number 4:

APTA is a trade association for the public transportation industry.

6. If your answer to question number 2 is yes, do any of the entities disclosed in question number 4 have parent organizations, subsidiaries, or partnerships whom you are not representing?	Yes	No

7. If the answer to question number 2 is yes, please list any federal grants or contracts (including subgrants or subcontracts) which were received by the entities listed under question 4 since October 1, 1999, which exceed 10% of the entities revenue in the year received, including the source and amount of each grant or contract to be listed:

Signature: William W. Millar Date: March 11, 2002

PREPARED STATEMENT OF JOHN INGLISH

GENERAL MANAGER, UTAH TRANSIT AUTHORITY

MARCH 13, 2002

Mr. Chairman, I appreciate the opportunity to testify before the Senate Banking Committee today.

I have made arrangements with Committee staff to show a brief video tape that has been prepared that highlights some of the recent Olympic transit experience. I have been in Washington for a week attending our trade association's annual meetings and visiting with key Congressional Members and staff on the Hill. Everywhere I go people have been anxious to hear about our very successful Olympic experience. I like to call it our "Two Week Camelot Transit Experience." I am extremely proud of the great work of all of the individuals involved in the planning and execution of our transit operations for the 2002 Winter Olympics Games.

Mr. Chairman, we had more than 700 buses from 24 States, 29 light rail cars from Dallas and over 1,000 driver/operators from 47 States, including Hawaii. These 1,000 drivers were senior operators, and were literally "the best of the best" from around the country and a key reason for our overall effectiveness.

There are 5 major points I would like to make regarding our involvement in the Olympics:

1. We had excellent planning and took advantage of the lead-time we had—preparing for the logistics of the Olympics. We had the support of many different organizations from around the country. I would especially like to single out, Dave Huber, our Director of Operations who was on loan to the Salt Lake Olympic Committee for 2 years who designed and helped execute a magnificent transit plan.
2. Communications: The Utah Transit Authority, the Utah Department of Transportation and the Salt Lake Olympic Committee *worked together as one* during the whole process. We had a state-of-the-art Nextel phone radio system where we could communicate with each other, with the one thousand out of town operators and deal with transit issues as they arose.
3. We empowered people to be able to make decisions: We assigned location captains and staff to separate locations around Salt Lake City and empowered them to make decisions on the spot in the field. For example, a lower level UTA employee could out rank me on a park and ride lot that they controlled.
4. We had experienced, high-quality operators as I have previously mentioned who could handle surprises without difficulty. Remarkably, we had only 2 minor accidents during this period of time.
5. Finally, we were able to receive the bus and light rail equipment in time to check out each vehicle to make sure it could handle the altitude and was reliable transportation.

We moved over four million people during the Olympics. On our peak day, Mr. Chairman, our light rail system carried an incredible 144,000 people.

There were public opinion surveys taken during the Olympics. They revealed that 92 percent of the visitors and local residents thought transportation was going better than expected and 94 percent said that they had a good to excellent experience.

We had no serious security problems but were prepared to handle them if they had occurred.

In summary, there was a *USA Today* article and quote that summarizes some of the pride we feel in Utah today. The article stated, referring to Utah: "The little city that could, did!"

Mr. Chairman, this concludes my statement and I am happy to respond to any questions that the Committee may have for me.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM NORMAN Y. MINETA

Q.1. Mr. Secretary, what do you see as the greatest challenge facing our Nation's transit systems?

A.1. Since 1993 the Nation's use of public transportation has increased nearly 28 percent, the fastest rate of growth amongst all forms of surface transportation. Most recently, our preliminary estimates indicate that over 9.6 billion trips were taken by public transit in 2001, an increase of 2 percent over 2000. Notwithstanding the record levels of Federal, State, and local investment in vehicles, bus and rail maintenance facilities, track, and stations, our transit systems face an enormous challenge in coping with this substantial growth in ridership. Specifically, the Department's most recent Condition and Performance Report (1999) projects an annual capital funding need for public transportation of $17.4 billion (in 2002 dollars) to improve the condition of each type of major asset to at least a level of "good" and to improve performance by increasing nationwide operating speeds and reducing nationwide occupancy rates. The greatest investment requirements are for vehicles and fixed guideway elements, such as tracks, tunnels, and bridges. Thus, there is a strong relationship between projected ridership growth and the amount of capital needed for investment in transit infrastructure to accommodate that growth.

The Department expects to release the 2001 Condition and Performance Report in early September 2002. The estimated annual amount needed to improve conditions and performance of the Nation's transit systems is likely to rise, given the increases in transit service levels and usage since issuance of the last report.

Q.2. Mr. Secretary, in the wake of September 11 can you give us an understanding of what the new Transportation Security Administration is doing in the area of transit security? How much of TSA's funding and staffing are dedicated to transit?

A.2. The responsibilities for transit security will remain within the Federal Transit Administration (FTA). The Transportation Security Administration (TSA) will provide direction and guidance for FTA's security activities. TSA staff will work with FTA to ensure effective communication and coordination between the two administrations.

In addition, let me please note the five-part security initiative FTA has undertaken in the wake of September 11 to enhance the security of the Nation's public transportation systems. This initiative will be funded with fiscal year 2002 appropriations and $18.7 million in emergency supplemental funding. This initiative is comprised of the following specific activities:

(a) *Assessments:* FTA has completed 11 of 33 scheduled security assessments of large transit agencies. Chosen because of their high ridership levels, the inherent vulnerability of subway systems, and the potentially serious consequences of a successful terrorist attack, these 33 transit agencies are voluntarily participating in the assessment program. Each assessment is conducted by a professional team of antiterrorism, transit operations, and emergency response experts, and includes a threat and vulnerability analysis, an evaluation of the security and emergency re-

sponse plans, and a focused review of the agency's unified command structure with external emergency responders.

(b) *Emergency Response Planning:* Based on the assessment findings, FTA is assisting agencies in evaluating and in updating their emergency response plans. These plans serve as a blueprint for action in the wake of an attack, and articulate who will take the specific steps necessary during an emergency response.

(c) *Emergency Response Drills:* It is critical that emergency response plans and any new equipment that may be acquired be tested in full-scale drills. FTA will provide assistance and partial funding for such drills, as needs are determined by the assessments.

(d) *Security Training:* FTA is expanding its free security and emergency response training to incorporate new security strategies and tactics, and will be offering regional security workshops to give more local transit managers the opportunity to attend. The workshops are scheduled to start in April, and will include transit managers, fire and police, and municipal emergency operations management personnel. In addition, FTA has expanded the scope of the National Transit Institute Safety Training Program to include a series of security courses to educate transit workers on how to identify and respond to potential explosive, chemical agent, and biological agent incidents.

(e) *Research and Development:* FTA has committed $2 million of fiscal year 2002 research funding to security-related transit research under the auspices of the Transit Cooperative Research Program of the National Academy of Sciences. With $4 million in emergency supplemental funding, the Department is also accelerating the PROTECT (Program for Response Options and Technology Enhancements for Chemical Terrorism) program in collaboration with the Department of Energy and the National Institute of Justice, in addition to pursuing other research for enhanced security technology applicable to the transit environment. Project PROTECT is being piloted in Washington DC.

Let me note, also, that in the wake of September 11, FTA immediately compiled and mailed security toolkits to more than 600 transit agencies across the Nation. These kits included security assessment and emergency response planning tools, an FTA resource guide, and information on security-related opportunities being offered in fiscal year 2002. An additional 400 toolkits have since been distributed, and demand continues. Moreover, FTA has recently developed guidelines for the handling of chemical and biological incidents in subways to serve as a blueprint for emergency response planning.

Last, the FTA has refocused certain fiscal year 2002 funding to improve the Transit Safety and Security Reporting Module of the National Transit Database, identify technological options for a nationwide Transit Emergency Notification System, and develop and implement the Model Bus Safety and Security Program. Salt Lake City was used as a test bed for the security module of the Bus

Safety Program in preparation for the 2002 Winter Olympic Games.

Indeed, public transportation agencies across the Nation have stepped up their own security efforts in the wake of the September 11 attacks. Their efforts typically include increasing the number of security personnel and/or police in stations and on transit vehicles, purchasing protective equipment for transit personnel who will be the first to respond to emergencies, removing trash receptacles in which bombs could be placed, providing emergency response training to employees, and reminding riders and the general public how they can help with regard to security. FTA is an active participant in the American Public Transportation Association's security task force, and a co-sponsor of a security workshop for the large transit agencies.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR GRAMM FROM NORMAN Y. MINETA

Q.1. Several Members of the Committee have expressed concern about a March 6, 2002, article in the *Boston Herald* entitled "MBTA Launches Bidding Process for Commuter Lines" that details the efforts of the Massachusetts Bay Transit Authority to rebid a commuter rail contract. This contract was the subject of two prior hearings before the Committee and continues to be a source of concern. According to the report, the new contract specifications dictate that the winning bidder must retain all current employees and must adopt existing wage and benefit structures, although there is no precedent for such an action. The costs associated with such an action would be quite significant and would certainly erect a major impediment to competing the contract.

Please let the Committee know what actions the Federal Transit Administration has taken and will take to ensure that the taxpayer dollars spent to support this contract are used in accordance with existing statute and regulatory guidance.

A.1. FTA takes numerous actions to ensure that all recipients of taxpayer dollars, in the form of FTA grant funds, comply with all applicable Federal statutory and regulatory requirements and certify to FTA each year that they will continue to do so. To monitor grantees' compliance with Federal requirements, FTA employs a number of means, including Triennial, Planning, Financial Management, Procurement Systems, Safety Systems, and Civil Rights compliance reviews, carried out under the 49 U.S.C. § 5327 Project Management Oversight Program, as well as regularly scheduled site visits, progress reporting, and related activities. All of these activities have been taken, and will continue to be taken, to ensure the MBTA's compliance with our requirements.

FTA does not, however, have jurisdiction over all Federal statutory and regulatory requirements affecting FTA grant funds. Specifically, the authority over one labor provision of Federal transit law, 49 U.S.C. Section 5333(b), is expressly reserved by the statute to the Secretary of Labor (DOL), and the provision specifies that FTA grant awards are subject to DOL's certification that certain labor arrangements are in place. The newspaper article providing background to this inquiry speaks to the MBTA's bidding process being in compliance with current DOL policy guiding its implemen-

tation of the requirements of 49 U.S.C. § 5333(b). While the FTA cannot exercise jurisdiction over DOL policy, FTA notes that the MBTA is currently expending FTA grant funds in accordance with all relevant statutory and regulatory requirements and DOL policies issued pursuant to those requirements.

Q.2. I am encouraged that the Federal Transit Administration plans to conduct an international symposium on the benefits of competitive contracting in the rail industry. As we continue to learn more about successes in other countries, what are some specific areas where you think competitive contracting might improve transit services and provide cost savings?

A.2. Several nations, including the United States, are experimenting with a variety of innovative procurement techniques for planning, financing, building, and operating rail passenger systems. Particularly promising are variations in public-private partnerships reflecting differing mixes of public and private responsibility for elements such as financing, design and construction, risk management, and operation, using design-build methods of competitive contracting.

Q.3. The Federal Transit Administration, under the leadership of Jennifer Dorn, has recently reinvigorated the Coordinating Council whose mission is to make recommendations for coordination and consolidation of transportation programs operated through the Department of Health and Human Services and DOT. However, I am interested in hearing about the continued progress of the Council and their attempt to achieve their strategic plan.

As the Committee continues to identify areas that should be addressed in the reauthorization of TEA–21, what modifications to existing law might the Administration suggest that would improve coordination of transportation services—particularly transportation to access health care for children?

A.3. The Coordination Council strategy to foster improved coordination of transportation services funded by DOT and HHS programs focuses on three specific objectives. First, to identify and remove impediments occasioned by Federal program requirements and actions that may make transportation coordination more difficult. Second, to provide information, technical assistance, and guidance on how to effectively coordinate State and locally administered human service transportation programs. Third, to encourage States to take effective policy actions to promote human service transportation coordination within the programs they administer.

Most recently, FTA, working together with the Department of Health and Human Services (HHS), has developed an Action Plan for 2002 to guide Federal human service transportation coordination efforts and to ensure more accountability. Important components of this Action Plan are the completion of a Transportation Planning Tool Kit, including best practices and case studies; an improved coordination website; and the dissemination of information on how ITS technology can aid coordination activities. From experience, FTA and HHS recognize that the availability of successful examples and good information can be a positive influence for State and local officials in their efforts to coordinate their transportation strategies.

Moreover, since a significant amount of Federal funding is provided for Medicaid transportation, FTA and HHS will continue to promote both the Medicaid Transit Pass Option and State-sponsored Medicaid and Human Service Transportation Brokerages. We have seen a good many constructive results for localities in their expansion of transportation services and reduction of costs through pass programs and brokerages.

Additionally, FTA and HHS are working with the National Governors Association, public interest groups, and human service and transportation providers to inform their constituencies about the benefits of coordinated transit and human services transportation systems; continue our dialogue on the impediments to coordinated service delivery; and establish coordination performance measures to better gauge the progress we are making.

Finally, with several Federal transportation and human services programs scheduled for reauthorization, including TEA–21, FTA and HHS are soliciting suggestions from State and local officials and other interested parties on potential legislative initiatives that would promote the coordination of services across programs. We are very aware of the critical role that transportation plays in insuring health care for large segments of the population, and especially for children and the elderly. Following DOT's public outreach for TEA–21 reauthorization this year, the Administration's proposal for reauthorization of the Federal transit programs will address these subjects.

RESPONSE TO WRITTEN QUESTION OF SENATOR REED FROM WILLIAM W. MILLAR

Q.1. Mr. Millar, in listening to your testimony, one consistent theme has been the great demand for transit across the country, what is the greatest challenge to meeting this demand and if it is resources how does APTA propose to generate them?

A.1. There is significant demand for transit across the country. Over the last 6 years, transit usage has grown faster than the population (4.5 percent), highway use (11.8 percent), and domestic air travel (12 percent).

The strong growth in transit ridership is sending a message loud and clear: people are leaving their cars at home and using public transportation more and more. Now more than ever, steadily growing congestion is causing people to seek alternative forms of transportation to commute to work, complete errands, make health care visits, and to get to and from sports and entertainment events.

But as new systems open doors and existing systems expand their service, demand is exceeding the speed at which new service can be funded and implemented. Clearly, the biggest challenge in meeting this demand is providing the additional investment needed to maintain existing infrastructure, expand core transit system capacities, and to build new systems.

In that regard, APTA has developed a Transit Needs Synthesis Report, which summarizes and makes projections based upon the estimates of transit capital needs studies conducted by APTA, the Federal Transit Administration (FTA), and the Community Transit Association of America (CTAA). Based on our report, preliminary estimated total transit industry capital needs from fiscal year 2004

through fiscal year 2009 will be $253 billion. This is an average of $42 billion per year, in fiscal year 2003 dollars.

Our membership is still working on the details of our reauthorization proposal, including how to generate the Federal resources needed to address transit is strong growth. But given that the Federal transit program is supported by a combination of Federal gas tax and general fund resources from the Federal budget, it seems likely that, absent an increase in the gas tax, general fund budgetary resources would have to be increased to meet the demand for additional transit capital improvements.

RESPONSE TO WRITTEN QUESTION OF SENATOR REED FROM DALE J. MARSICO

Q.1. How would your organization propose we find the resources so we can continue the success of TEA–21?

A.1. Today, the MTA of the Highway Trust Fund makes up a significant portion of the current program, with a small amount from general revenue funding. Our proposal envisions a more balanced and diversified approach to transit investment. We propose building on this foundation and creating a mix of trust fund, general fund, and tax credit investment to meet the expanding need for public and community transportation alternatives for all Americans. This proposal envisions continuing local contributions in the form of matching funds as consistent with the ratios found in current law. During the life of our proposed reauthorization Federal investment rises from $13.9 billion in the first year of the new reauthorization to $25.5 billion in fiscal year 2009, 6 years later. We propose splitting these amounts roughly in thirds, with the MTA of the Highway Trust Funds paying approximately $5 billion in the first year, an equal amount from General Revenue of $5 billion during the same period and approximately $3.9 billion in transit tax credits which brings us up to the $13.9 billion total for our fiscal year 2004 projection. Based upon the final year of the current authorization, neither the amount from General Revenue or the Mass Transit Account is dramatically different from the current path forecast in TEA–21 as revenue sources for transit.

The most significant departure from the current program funding involves an innovative use of tax credits to finance mobility growth and expansion. Tax credits are a proven, effective model for public-private partnerships; more than 30 major tax credit and tax-exempt bond programs currently exist, generating more than $300 billion a year to the national economy. Two related initiatives are excellent models for transit experimentation with tax credits. Amtrak currently has plans for tax-credit financing, under consideration by both the House and Senate. Before his Administration left office, then-President Clinton created the New Markets Tax Credit Program of more than $25 billion to address economic development in low-income communities. We envision transit tax credits as a way to finance capital-intensive projects, such as rail-related transit projects, buses and bus facilities, as well as other important transit capital investments.

Besides tax credits, our proposal continues to utilize the Mass Transit Account of the Highway Trust Fund to finance part of America's investment in the future of public and community tran-

sit. We project small but steady growth in transit revenue over the life of the next reauthorization. Trust funds and tax credits alone cannot meet all the Federal investment requirements for a truly national public and community transit program. Our proposal calls for providing general funds from the Federal budget to enhance national transit activities. Addressing the lack of services in rural America, air quality issues, congested highways, and guaranteeing access for America's seniors are important priorities for national financing whether through trust funds, tax credits, or general funds.

PERSPECTIVES ON AMERICA'S TRANSIT NEEDS

TUESDAY, OCTOBER 8, 2002

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:07 a.m. in room SD–538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. Let me call the hearing to order.

This morning, the Committee on Banking, Housing, and Urban Affairs meets to continue its consideration of the Federal transit programs in preparation for next year's reauthorization of the Transportation Equity Act for the 21st Century, colloquially known as TEA–21.

This hearing follows on the heels of the excellent series of hearings that have been held on the transit issue by our Housing and Transportation Subcommittee, chaired by Senator Reed of Rhode Island, working together with Senator Allard.

I commend them on the record they have laid and look forward to working with them and all of my colleagues on the Committee as we move forward with the reauthorization process.

At our earlier hearings, a variety of witnesses testified, including Secretary of Transportation Mineta, Federal Transit Administrator Jenna Dorn, who is joining us again today, representatives of transit agencies from around the country, mayors, business leaders, environmentalists, and transit riders.

I think the overwhelming point made in the testimony of these witnesses has been that TEA–21 has worked, that it significantly increased our commitment to transit, and that this investment is paying off in terms of increased ridership, economic return, and improved quality of life.

As Administrator Dorn testified in April of this year regarding the impact of TEA–21's investment on transit ridership: "Transit has experienced the highest percentage of ridership growth among all modes of surface transportation, growing over 28 percent between 1993 and 2001. Over the last 6 years, transit use has grown faster than the population, and more than double the rate of domestic air and road travel, which grew approximately 12 percent."

TEA–21's investment has also engendered significant economic return. In testimony last June, Hank Dittmar of the Surface Transportation Policy Project, presented evidence that the new DART

system in the Dallas region has generated over $800 million in development already, and that the full system is projected to generate $3.7 billion in economic activity when it is finally built out.

Moreover, we heard testimony from individual businesses which recognize that transit produces positive economic returns.

Herschel Abbott of Bell South testified that his company had recently chosen to consolidate its widely spread suburban office locations into three downtown Atlanta locations. Mr. Abbott noted that after these moves, "approximately 85 percent of Bell South's employees in Metro Atlanta will be working within walking distance of a rail line." And he went on to say that this is "a plan that makes good business sense."

Of course, transit is about more than our economic life. It is also about our quality of life, as Mrs. Lavada DeSalles from AARP testified in July: "From our research, we know that mobility is a critical element of overall life satisfaction and is strongly linked to feelings of independence."

Several of our witnesses observed that the increased investment in transit and paratransit services under TEA–21 has provided the crucial link between home and a job, school, or doctor's office, for millions of people who otherwise might not have been able to participate fully.

But we also heard that these successes were bringing new challenges. Communities across the country realize that transit offers a solution to many of the difficult problems facing them—moving people from welfare to work, alleviating congestion, reducing energy consumption, and safeguarding the environment.

As we will hear today, State and local governments have increased transit funding at an even faster rate than the Federal Government, and the demand continues to grow.

It is becoming, I believe, increasingly clear that we will have to markedly step up Federal support for transit to help local communities make the investment in infrastructure and system preservation that will be required as we move into the next century.

We are very fortunate this morning in having the Federal Transit Administrator as our lead-off witness. She will be followed by a panel, and I will introduce the panel when we get to them.

We are very pleased that Administrator Dorn is with us today. As I understand it, she will be presenting the Department's most recent estimates of the cost of maintaining and improving our transit systems.

I want to commend the Administrator for her leadership in developing the Federal Transit Administration's response to the events of September 11. Those tragic attacks showed us, on the one hand, the vital role that public transportation can play in emergency situations, while at the same time raising our awareness of the need for increased security of the systems themselves. And I know that is an issue that she has been paying a great deal of attention to.

Ms. Administrator, we are pleased to have you back before the Committee, and before I turn to you for your statement, I will yield to my colleagues for their opening statements.

First, to Senator Reed. I mentioned before you arrived, Senator Reed, the work that the Subcommittee which you chair, the Hous-

ing and Transportation Subcommittee, has been doing in this area and the very important contribution it has made to the work of the Committee, and we appreciate that very much.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman. And I want to welcome Administrator Dorn and compliment and commend her on her efforts.

The release of this report could not come at a more important time. With the Administration developing its TEA–21 authorization proposal, I can think of no more vital information for the FTA, DOT, and OMB's analysis than this report.

After reviewing it, one can reach only one conclusion—unless we can continue our significant investment in transit, the great gains in ridership and all its attendant benefits are in serious jeopardy.

The report highlights what the Members of my Subcommittee have heard from every witness at our hearing. The American public uses and supports transit. They understand that a balanced transportation policy helps to preserve and expand our society's mobility and economy.

However, this report also highlights the immense challenge facing our Nation's transit systems, a critical need for investment in transit. Indeed, according to the Department of Transportation's analysis, we need an annual investment of $14 billion just to maintain the system we have in place, never mind the great interest of cities like Denver, Phoenix, and Dallas in new transit service.

For comparison's sake, total Federal, State, and local capital investment in 2000 was roughly just $9 billion. This investment gap is the greatest challenge facing advocates of the balance in national transportation policy, and it is the most important issue facing the Members of this Committee as we prepare to reauthorize TEA–21.

I look forward to the witnesses' testimony and I would hope that this report will guide the Administration's thinking on its reauthorization proposal.

Finally, Mr. Chairman, one of the things that was evident to me in our hearing is that if you do not continue to invest in transit that will it get worse, it doesn't just stay the same. So the challenge we face is not simply trying to hold the line, but we need to add more resources.

And the other point that emerged is, that when transit is reliable, attractive, and convenient, people use it. And when it is not well maintained, they do not.

So our challenge is not simply to maintain the status quo, but to find ways in which we can continue this resurgence and revival of transit.

Thank you, Mr. Chairman.

Chairman SARBANES. Good. Thank you, Senator Reed.

Senator Corzine.

COMMENTS OF SENATOR JON S. CORZINE

Senator CORZINE. Thank you, Mr. Chairman. I have a formal statement that I would put in the record.

I must say that this is a truly vital element of discussion for our Nation. As I know Ms. Dorn understands, New Jersey has the third largest mass transit system in the country. It has great impact on our economic life, a quality of life with regard to congestion and environmental conditions.

Obviously, this is not just a New Jersey issue, it is a national issue. The kind of considerations that Senator Reed just mentioned with regard to if we do not step forward, we actually take double steps backward because of maintenance and quality of service.

I hope that your report and the framing of the need for investment in our mass transit system will ring true if my colleagues both here in our Committee, but across the Congress, because it is absolutely vital to our national and economic security of our Nation. I am pleased to be a part of it and I look forward to the testimony and also moving forward with reauthorization of TEA–21 in a way that supports mass transit.

Chairman SARBANES. Thank you very much, Senator Corzine.

Administrator Dorn, we would be happy to hear from you.

STATEMENT OF JENNIFER L. DORN
ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

Administrator DORN. Thank you, Mr. Chairman.

Chairman SARBANES. I think if you pull that closer to you, it would help. You have to really speak right into it.

Administrator DORN. Okay. Great. Thank you very much.

I appreciate the opportunity to testify before you and wanted to make one comment in addition to wholehearted agreement with all of the speakers today that transit investment is a very important investment for our Nation's communities.

I wanted to mention the issue of security, and mention that it has been the strong partnership with the transit industry and State and local officials, including fire, police, and emergency responders, that has allowed transit to play an even more important role in emergency response and planning. So that effort has been a very important collaborative effort, of which I am very proud.

Thank you for the opportunity to testify today on something more specific, and that is the conditions and performance of our Nation's public transportation infrastructure. My testimony, as you mentioned, draws upon the key findings of the 2002 Conditions and Performance Report.

I am pleased to report that record levels of investment in transit by Federal, State, and local governments have improved transit conditions and increased transit capacity and utilization in America. That is very good news. Between 1990 and 2000, total transit capital investment spending doubled, from $4.5 billion to $9.1 billion. The pace of growth in State and local spending increased the State and local share considerably, from 42 percent to 53 percent during that decade, as the Chairman mentioned. So in spite of the fact that the Federal Government's pace of investment increased, the State and local investment even outpaced that growth.

These increased investments at all levels of government reflect a growing recognition of public transportation's benefits to our communities and to our Nation. Public transportation, as you men-

tioned, is an essential thread in the fabric of American life, resulting in greater personal freedom, enhancing the economic vitality of our communities, and making our Nation safer and healthier.

ISTEA and TEA–21 have played an important role in maintaining and improving the condition and performance of America's transit systems. This, in turn, has played an important role in attracting passengers to transit and it is the point that has been made by all three distinguished Members of the Committee.

Moreover, public transportation is a key component of our Nation's emergency response and evacuation plans in the event of a natural disaster or terrorist incident.

I would like to provide a brief overview of the state of transit assets and operations and make a comment on the short-term investment needs, as well as the implications of increased investments in transit.

The growth in capital investment under ISTEA and TEA–21 has resulted in a significant expansion of the Nation's transit infrastructure, particularly rail. New and modernized transit vehicles and facilities have prompted a dramatic increase in transit use. As has been mentioned, we have seen an increase in the number of passenger miles traveled over the decade by 12.2 percent, and certainly over the last few years, a doubling of even that.

Increased capital investments have also reversed the decline in the physical condition of transit vehicles and slowed the deterioration of bus and rail facilities. Vehicle conditions, according to the report, remained relatively constant between 1997 and 2000, indicating that recent investments supported by ISTEA and TEA–21 were sufficient to maintain conditions.

The Conditions and Performance Report provides an estimate of the investment level that will keep future indicators of public transit conditions and performance at the current levels, as well as the investment level projected that will improve transit. The investment requirements identified are for all levels of government, so the report does not make a distinction as to the appropriate share—Federal, State, local—for this investment, but rather, a collective investment by all the sectors.

The report does not address the policy question of what the relative investment share should be, as I mentioned. And in addition, the Conditions and Performance Report makes long-term projections of investment needs and reports a single "average annual" investment requirement for the entire 20-year period. As you know, Mr. Chairman, the amount of transit infrastructure to be maintained will grow over that period as new investments are made. Thus, in the near-term, the estimated investment needs are measurably lower than the projected investment needs in the out-years.

So, we can take a 20-year horizon or a shorter period horizon, and in the near-term, those investment needs will be smaller than in the long-term. Now the cost to maintain transit over the 20-year horizon is $14.8 billion per year. This represents the estimated average annual capital cost for the 20-year period from 2001 to 2021, from all sources—Federal, State, and local governments. This investment would allow transit to keep conditions and service quality at current levels, while growing ridership at the modest 1.6 percent per year average rate, which has been the estimate made by the

33 Metropolitan Planning Organizations in their long-range plans. Now in order to improve transit over that 20-year horizon, it is estimated that the average annual contribution or investment of all the sectors would be $20.6 billion per year.

I would like to emphasize that through 2003, current estimated expenditures are projected to be sufficient not only to maintain conditions and performance, but also to begin addressing the backlog of investment needs as well. We will be able to improve transit conditions and performance. The President's proposed budget in 2002, as well as 2003, combined with the projected spending by State and local governments, will put us well above the requirement for maintenance, and will do a great deal toward improving the system, which is very good news.

As I mentioned, in the last decade, total transit capital investment spending doubled. During this time, the Federal investment in transit capital increased by an impressive 62 percent, while local spending increased even more dramatically, tripling over the decade. By 2000, combined State and local funding capital investments in transit represented over half of the Nation's total capital spending in transit. The growth in local capital investment is particularly impressive in light of the fact that beginning in 1998, Federal formula funds could not be used for operating expenses in areas with populations over 200,000.

The notable increased investment at all levels signals the public's awareness of transit's value. Communities throughout America, as you have stated, Mr. Chairman, recognize that their investment in transit is more than repaid in economic growth, increased mobility, and an enhanced quality of life.

In summary, America's investment in public transportation is reaping substantial benefits. We continue to make progress in the conditions and performance of our transit assets.

Mr. Chairman, Members of the Committee, this concludes my formal statement. I would be happy to answer questions.

Chairman SARBANES. Would you pick up on the Federal share that is in your statement? I want to hear your position on that.

Administrator DORN. The overall Federal share.

Chairman SARBANES. It is right at the end of your statement.

Administrator DORN. You mean the share of the Federal investment vis-à-vis the State and local investment?

The State and local investment has increased from 42 percent to 53 percent of the overall spending.

Chairman SARBANES. I would like you to go to the paragraph in your statement just before the conclusion.

Administrator DORN. In my written statement?

Chairman SARBANES. Yes.

Administrator DORN. Okay. Let me just get that.

[Pause.]

Is that near the middle of the statement?

Chairman SARBANES. It is the second to last paragraph of the statement submitted to the Committee.

[Pause.]

Administrator DORN. You are talking about New Starts issues. I apologize. And what aspect of that?

Chairman SARBANES. Why don't you just give us that statement? Then we can key our questions off of that.

Administrator DORN. Fine. In my formal statement, I said: As you know, one important source of funds for new transit capital investment projects is Section 5309 "New Starts" program. In 2000, $0.98 billion was invested by the Federal Government through this program. In 2003, the President has proposed spending $1.21 billion on New Starts. The President has also proposed a 50 percent cap on the Federal match for such projects. This proposal reflects not only the willingness of communities to share equally in transit investments, but also the hard reality that more and more communities will be seeking such funds in the future. We believe that this proposal will not only permit scarce Federal resources to help more communities, but will also recognize and reward communities that embrace transit as a vital part of their community.

Chairman SARBANES. Does the Administration support lowering the cap for highway projects? Currently, it is an 80/20 match. Is that correct?

Administrator DORN. For highway projects.

Chairman SARBANES. And for transit.

Administrator DORN. And for transit.

Chairman SARBANES. In each instance, 80/20.

Administrator DORN. That is correct.

Chairman SARBANES. So currently, the Federal Government puts up 80 percent of the capital cost and the localities put up 20 percent, whether it is a highway project or a transit project. Is that correct?

Administrator DORN. That is correct.

Chairman SARBANES. Now, you are proposing here to lower the Federal match to 50 percent for transit projects?

Administrator DORN. In the New Starts arena only, which less than 20 percent of the total. So under the Administration's proposal, more than 80 percent of our program would remain at the 80/20 match. It is only in the category of New Starts, major capital projects, where we would seek to have a 50/50 match.

Chairman SARBANES. Which projects would not have the 50/50 match?

Administrator DORN. Everything other than New Starts, which would be fixed-rail modernization, bus, discretionary. So of the $7.2 billion, approximately 83 percent of that Federal expenditure, would be at the 80/20 match.

We are saying, Mr. Chairman, that only for that portion, large capital grants for fixed guideways, which is less than 17 percent of the budget, that would be at a 50/50 match.

Chairman SARBANES. Is there going to be a comparable 50/50 match on comparable highway projects?

Administrator DORN. Well, let me just answer that by saying that, overall, in transit and in highways, the Federal match, if you count all of Federal spending in transit and highways, it is approximately at the 50 percent match for both, the practical application versus the statutory allowance.

We do not believe that that is a problem.

Chairman SARBANES. I do not understand that statement. What do you mean by that?

Administrator DORN. Okay. The way the money is spent and allocated to State and local governments, in both transit and highways for capital projects, the match that actually occurs is less than 50 percent Federal, if you take the total capital investment that is made.

So, whereas there is a permissiveness of being at 80 percent for highways, the practical reality is the capital investments that the Federal Highway Administration makes is about 50 percent match. That is the same as in transit. In other words, we have the permission to do for New Starts, major capital programs, an 80/20 match. However, over the period of the last number of years, the average match has been, I think, 51 or 52 percent Federal share.

Chairman SARBANES. For Federal transit?

Administrator DORN. For transit.

Chairman SARBANES. And you are asserting the same thing is the case for highways?

Administrator DORN. That is the information that I have been given, that both highways and transit, the overall capital expenditure for capital projects is less than 50 percent match.

Chairman SARBANES. You are going to change the matching formula on highways, then.

Administrator DORN. That is not currently in the proposal and to date, we have not perceived it to be a problem.

If it is a problem, I would suggest that the solution is not to maintain the 80-percent share in transit, but to use other solutions.

Chairman SARBANES. Like what?

Administrator DORN. Like looking at all options, one would be reducing the highway discretionary capital grants to a 50/50. Now that is not an official position. That is a personal view, which is inappropriate for me to say. I just happen to believe it.

Chairman SARBANES. Do you perceive a problem if I am at the local level trying to make a decision on my transportation mode, and if I go one way, I get a 50/50 match, and if I go the other way, I get an 80/20 match?

Administrator DORN. There may be anecdotal examples of which I am not aware. However, in general, that has not appeared to be a problem.

Chairman SARBANES. It is not a problem now because they have the same matching figures, don't they?

Administrator DORN. At this point, that is correct.

Chairman SARBANES. Suppose you change that.

Administrator DORN. I do not believe that it would be a problem because one of the issues is that the transit community and the local decisionmakers recognize that they need to make the decision on the merits.

They have chosen to use flexible funding options. They could get highway money. Instead, they get transit money. And there has been a very strong willingness to invest in transit because they know that their options for highway projects that will solve congestion are not really there.

I am making the point, though, that is my firm belief that it is not a problem. However, if Congress, in its wisdom, and the Executive Branch, in its wisdom, believes it is a problem, I think the more appropriate solution is to address it from the other side,

which is highway discretionary capital projects, because I believe that the State and local governments have clearly demonstrated they are willing to make investments. They have outpaced the growth of the Federal Government.

And so, if you believe that kind of a level playing field is important at the local level in order to make unbiased decisions, then I would suggest other alternatives.

I think that we need to spend Federal investment over a broader number of communities, rather than having this match at 80 percent. I am concerned not only about the level of spending for transit, but also I want more communities to have transit. And I believe that if we are aggressive about an 80-percent match and if more and more communities take advantage of the 80-percent match, there will be fewer communities that have transit.

So it is not just a question of how much. I am a strong advocate, and this Administration has supported increased investments in transit. We believe that we need to spread it over more communities and that the communities who give us the best projects are the ones that have a commitment, and they would be willing to make it.

Chairman SARBANES. Do you think you get an unbiased decision on the transportation mode if, by going down one path, you get an 80-percent Federal share, and if you go down the other path, you get a 50-percent Federal share? Do you regard that as presenting the local transportation decisionmakers with a level playing field, as we say, and an unbiased framework within which to make the determination?

Administrator DORN. Well, I believe that the merits, particularly in communities that understand everything from good land-use planning to reducing congestion and to increasing our ability to solve the air pollution problem, will go the way that they believe will solve those problems, irrespective of the match.

However, I take your point.

Chairman SARBANES. So do you think you should throw into the scale, the additional weight of having to have a much larger local contribution?

Administrator DORN. I just think that the trade-offs between having fewer projects at 80 percent and a greater number of projects at 50 percent, I would err on the side of making sure that we are able to spread our dollars.

Chairman SARBANES. Doesn't the same rationale apply to highways? If you had a lower match, you could have more of those projects, too. And lots of communities want them. They are lined up as well.

At the moment, I am not arguing the issue of the level of the match. We can come back and revisit that. I am arguing whether the level of the match should be the same for transit and for highway projects.

Administrator DORN. Well, I certainly believe that you raise a legitimate point and all solutions should be on the table.

Chairman SARBANES. Jon.

Senator CORZINE. Thank you, Mr. Chairman. I follow your logic. The extra resources certainly will have some impact in focusing where people put their priorities.

I would like to go parochial a second.

The Administration recently announced a $4½ billion rebuilding of the transportation infrastructure in lower Manhattan. And quite honestly, I am quite complimentary of everyone with regard to the flexibility that was allowed with that so that the footprint that was there prior to September 11 is not necessarily the exact footprint that has to be rebuilt.

I understand about, if I am not mistaken, $1.8 billion of the funds that are for that $4½ billion rebuilding project are from the FTA and, if I am not mistaken, $2¾ billion from FEMA.

It is also my understanding that there is a working group that is deciding how that money is going to be used and how it will be expended on projects—the City and State of New York, Metropolitan Transportation Authority, the Port Authority of New York, New Jersey, and the Lower Manhattan Development Corporation.

As you can imagine, given that New Jersey has 200,000 commuters a day coming in and out of New York City, given the impact of September 11 on the New Jersey community, there is some legitimate angst that the interests of New Jersey are not well represented in this working group that is looking at these projects.

I am actually fairly concerned about this. I just would like to hear your impressions whether you would work to help us secure some greater representation from New Jersey's voice, not that the bulk of the funds or other things should not be considered, but the commuting patterns that support the economy of New York City and the rebuilding in this tragic area I think should legitimately consider that the Hudson River happens to be there.

But the fact is that we are one metropolitan community. There is serious concern that New Jersey's entities are not having a voice—New Jersey Mass Transit, the transportation department, the Administration, and others. And then there are a number of projects that are specifically interlinking. We are fighting to have, and supportive of, the Olympics in New Jersey. But the reality is that a number of the venues would be interconnected.

I use that only as an example. You take the commuters. You take the interconnectedness of the economic region and there is virtually no voice.

So, I wonder, Administrator Dorn, if you would be willing to work to ensure that New Jersey has a greater voice in that, and are New Jersey proposals being considered in that process? Is it being done in an even-handed, level playing field basis?

Administrator DORN. Thank you, Senator, for the question. It is a very good one and a very important one.

This Administration has a strong commitment with you and all of the delegation in that area, and with America, to help bring America and New York back.

We believe very strongly in the Department of Transportation that local decisions should prevail. And in this instance, as in a growing number of instances across the country, local is in the eye of the beholder and it very often crosses jurisdictions that have been developed years ago. So bottom line is that I believe very strongly that the current committee has a bias toward making sure that this serves the community.

Senator CORZINE. The regional community?

Administrator DORN. The regional community. That is their goal, as has been expressed to us.

I would be very eager to work with the FEMA Director, Joel Albaugh, and that committee in discussing other ways to make sure all representation that is relevant to bringing New York back is assured on that committee or any other decisionmaking body.

So it is important that at the end of the day, when those decisions are made, that they are, to the largest degree possible, supported by the broad community that is going to both live in New York and equally as important, commute to New York from other jurisdictions.

I just received your letter yesterday addressed to Mr. Albaugh and myself. I will be happy to talk with him and to talk with you and others to see how we could address this issue.

Senator CORZINE. It would be very much appreciated. I would be anxious to see the specifics of that and how it unfolds.

Thank you.

Chairman SARBANES. I have a couple more questions I would like to ask the Administrator.

The Conditions and Performance Report depends on projections of future ridership growth. Correct?

Administrator DORN. That is correct. It is one element that they use to produce the model. So that is correct.

Chairman SARBANES. I understand that your estimate of future ridership growth was based on an average of the growth projections prepared by the local Metropolitan Planning Organizations, and that gave you a figure of 1.6 percent.

Administrator DORN. That is correct.

Chairman SARBANES. How does that number compare with what we have actually seen over the last few years?

Administrator DORN. Well, certainly in the last couple of years, or actually, the last 6 years, we have seen a 28-percent growth, and in the last 10 years, a 12-percent growth. In the recent past, according to reports, there has been a decrease, probably due to the effects of September 11 and economic situations.

So the overall projection of 1.6 percent by the MPO's, based on their long-term plans, we believe to be a reliable percent. Given that, I think that the 1.6 percent annual increase should not be our goal. It should be far greater than that, and there are many ways that we can increase ridership to make transportation an even greater benefit to the local community.

Chairman SARBANES. I am just trying to get a handle on how realistic that figure is, since you then base your Conditions and Performance Report on it. How do you square projecting 1.6 percent out when you look back over the last decade at least and the figure is much higher than that?

Administrator DORN. As I understand it, when you project over a 20-year period, you get an average annual increase of 1.6 percent.

So just as you have a fairly dramatic difference between the last 6 years at 28 percent, and then when you take it over 10 years, it is 12 percent. If you take it over 20 years, the 1.6 percent, particularly when it is based on those who are making the local plans, we believe it is reliable.

Now is any projection foolproof?

Chairman SARBANES. What was it over the last 20 years?

Administrator DORN. Pardon me?

Chairman SARBANES. What was the figure over the last 20 years?

Administrator DORN. I will have to check on that. I am not sure if we know that. Could we get back to you, either now, as we compute, or for the record?

Chairman SARBANES. But you are telling me that you do know that the figure over the last 10 years has been 12 percent. Is that correct?

Administrator DORN. That is correct.

Chairman SARBANES. So 12 percent.

Administrator DORN. Not per-year. That is an overall increase.

What we are projecting is that every year in the 20-year horizon, we will see an average 1.6 percent growth.

Chairman SARBANES. Well, now, your Executive Summary says: "The average annual growth rate, in PMT, of 1.6 percent used in this report is a weighted average of the most recent, primarily 2001 MPO forecast available from 33 metropolitan areas."

Administrator DORN. Okay.

Chairman SARBANES. I am reading from your report: "PMT increased at an average annual rate of 3.2 percent between 1993 and 2000." And then you go on and you say, "Varying the assumed rate of growth in PMT significantly affects estimated transit investment requirements," which I think is obvious, and that is the point we are trying to get at. And the point I am trying to get at is how realistic is it to project a 1.6 percent average annual growth rate in PMT in light of what we have experienced in the period leading up to where we are now?

Administrator DORN. We believe it to be a reliable projection. No projection is foolproof. But based on the information that we have from the MPO's, that is what they collectively project.

Chairman SARBANES. You just took their figures and accepted them. Is that it?

Administrator DORN. That is correct. They are the ones that do the local planning——

Chairman SARBANES. Did anyone say to them, how can you give us these figures in light of what the increases have been over the last decade?

Administrator DORN. We looked at their long-range plans and as they plan to increase investments in transit, that would be reflected in the 1.6 percent projection.

I am not saying that it is foolproof, but based on the experts that have analyzed these plans, that is what they project that they will be using.

Chairman SARBANES. Let's go at it a little more.

Administrator DORN. Okay.

Chairman SARBANES. How did you pick the 33 Metropolitan areas on which you base your figures?

Administrator DORN. I believe they were the largest that would have the greatest impact on the figures. So it was the 33 largest Metropolitan Planning Organizations.

Chairman SARBANES. Are those all areas that currently have mass transit?

Administrator DORN. Yes, all of them do.

Chairman SARBANES. What about areas that want to get mass transit?

Administrator DORN. Well, I am not sure that that was a particular factor. However, those would be in much smaller areas that probably wouldn't have as great an effect on the ridership number. But I do not want to get beyond my expertise here and not be completely objective with you.

I would suggest that, in terms of analyzing the adequacy of these projections, we need to take a look at other projections which may differ than the 1.6 percent, and the basis on which they made those calculations, which we would be happy to do.

Chairman SARBANES. It would help if you gave a submission to the Committee on your methodology in putting this together.

Administrator DORN. Certainly.

Chairman SARBANES. And just how realistic the 1.6 percent figure is. We may have a very substantial understatement of what is needed both in terms of maintenance and enhancement by the use of this figure. Obviously, if the figure were 3.2 percent, as it has been, over the last 7 or 8 years, the need for the program would be substantially larger, would it not?

Administrator DORN. If that was the case, the need would be much larger.

Chairman SARBANES. Yes.

Administrator DORN. However, it is not necessarily a direct correlation between the need for greater investments and other things that we can do.

And I would just like to say, Mr. Chairman, that is one of the reasons that the whole reauthorization piece is so important, that the planning component is terribly important in order to make sure that transit is utilized. The transit agencies need to do an even more valiant job in customer service, and improving the reliability, the immediacy, and the convenience that transit can provide.

There are a number of important ways to increase ridership. And I wish that the projections were more pessimistic than reality, because I strongly believe that we need to increase ridership if we are going to solve some of the Nation's most important problems.

So, I will be very happy to get back to you on our methodology and do whatever we can to review other assumptions which may say that we are off base.

Chairman SARBANES. I also want to understand what is being measured in the Conditions and Performance Report. The figures you cited of $14 billion to maintain and $20 billion to improve transit is conditions and performance, does that take into account rural transit needs?

Administrator DORN. Yes, it did, sir.

Chairman SARBANES. All right.

Administrator DORN. To just broaden that a little farther. The capital investment requirements, as I understand it, for rural operators are estimated to be about $241 million on an average annual basis in order to maintain. So, you can see that is just a very small, but I think critically important piece of the program. But because the expenditures are relatively small compared to the larger and largest metropolitan areas, it kind of gets lost in the discussion.

I can assure you that the needs for rural transportation are not being lost in any discussion in the Administration about transit and its importance.

Chairman SARBANES. But those needs are encompassed within your projected figures?

Administrator DORN. Yes, sir.

Chairman SARBANES. Does your model include extensions of existing systems, as well as completely new systems that will begin operation sometime in the future?

Administrator DORN. Yes, they did, and they were factors in putting together the model. We would be happy to share the methodology with that as well.

Chairman SARBANES. And does your model take into account the increased security needs identified since September 11?

Administrator DORN. I do not believe that there was any specific activity that would identify security needs in this report.

Chairman SARBANES. Presumably, the report encompasses security needs. But I take it that answer means that you just did it on the basis of historical need and not what we are confronting now, post-September 11. Is that correct?

Administrator DORN. That is correct. And we did it in the context of safety and security in terms of analyzing the conditions and performance. But that was done in advance of the September 11 terrorist attack.

Chairman SARBANES. What is the position on guaranteed funding? Is the Administration committed to maintaining the budgetary firewalls that produce the guaranteed resources for transit? Do you want to sustain that arrangement in order to ensure guaranteed funding for the transit account?

Administrator DORN. The guaranteed funding commitment, in terms of the Administration's point of view, has been one of the key successes of ISTEA and TEA–21. Most importantly, in our view, it has leveraged State and local investments in transit and in transportation generally, and we would seek to retain that commitment for guaranteed funding.

Chairman SARBANES. Madam Administrator, thank you very much. We look forward to working very closely with you as we move ahead on this very important issue.

Administrator DORN. Thank you very much, Mr. Chairman. I appreciate it.

Chairman SARBANES. If the next panel would now come forward, we would be happy to hear from them.

[Pause.]

We will now turn to our second panel. We are very much looking forward to hearing from these witnesses. Let me just introduce the panel, and then we will go to them.

Our first witness will be Mayor Patrick McCrory of Charlotte, North Carolina. Mayor McCrory has been a leader in improving public safety, transportation and land use in the city of Charlotte. He has been recognized nationally for his leadership in developing Charlotte's 25-year transportation plan and initiating pedestrian-friendly land-use policies.

Our second witness is Mr. Eric Rodriguez, the Director of the Economic Mobility Initiative of the National Council of La Raza, a

nonprofit organization established in 1968 to improve opportunities for Hispanic Americans. The National Council of La Raza reaches more than 3½ million Hispanics annually and Mr. Rodriguez is responsible for their programs relating to economic and financial security.

Our third witness, David Winstead, has, I gather, been delayed. We may skip and come back. Ed Mortimer is here to do David's statement if he does not make it. So there is some time here, Ed, if he gets here. Mr. Winstead is the Chairman of the Transportation Coalition at the Maryland Chamber of Commerce and will be testifying on behalf of the U.S. Chamber of Commerce.

Our fourth witness will be Wendell Cox, a Visiting Fellow with The Heritage Foundation and a Principal of the firm of Wendell Cox Consultancy. He has consulted for the U.S. DOT and other public agencies.

Finally, we will hear from Secretary Roy Kienitz of the Maryland Department of Planning. Secretary Kienitz has served as Executive Director of the Surface Transportation Policy Project and was on the staff of Senator Moynihan with the Senate Committee on Environment and Public Works. He also has founded and chairs the Executive Committee of Smart Growth America.

What we will do is hear from each of the panelists and then go to the question and answer period. I think that is probably the best way to proceed, and also, we may be able to get some back and forth amongst the panelists as well.

Mayor McCrory, we are happy to hear from you. Welcome to the Committee.

STATEMENT OF PATRICK L. McCRORY
MAYOR, CHARLOTTE, NORTH CAROLINA

Mr. MCCRORY. Thank you very much for the invitation, Chairman Sarbanes. I am actually wearing three hats.

One is the Mayor of Charlotte, which I am proud to say is now the second-largest banking center in the United States of America, home of Bank of America and Wachovia.

I am also the Environmental Chairman for the U.S. Conference of Mayors, and this, of course, is a very important subject as it relates to the environment.

In addition, I am Chairman of the Republican Mayors and Elected Officials Association. I might add that this is a bipartisan issue and many of us feel very strongly that transit is a very important part of our future.

I also want to say on behalf of all the cities that the major metropolitan areas are now the largest employers for our many citizens throughout the United States, for major transportation and trading hubs, and transit is an extremely important part of all metropolitan areas' future, including your great city of Baltimore.

As I talk about Charlotte, some of the same stories can be repeated, whether you are in Phoenix, Dallas, Houston, or Denver, and the list goes on and on.

Charlotte was the second fastest growing city in the 1990's, with a 36-percent increase in its population. Our growth in vehicle miles has outpaced the population growth, causing incredible traffic con-

gestion and air quality issues that threaten the quality of life and our continued economic growth and prosperity.

The fact of the matter is Charlotte, like many cities throughout the United States in the 1960's, 1970's, 1980's, and 1990's, did not think grow very well as the country had this tremendous growth. As we grew, we had corridors in which you could not distinguish whether you are in Dallas, Charlotte, Denver, or, for that fact, in Baltimore. And that is because we did not do good land-use planning. We did not do good transit planning; for that matter, we did not do very good road planning.

We are convinced, and I think most mayors are convinced, in order to have a good transit system in the future, and a good city in the future, you also have to have good land-use planning.

It is a combination of all three, which is vitally important as we spend very limited dollars that we all have on one of the highest priorities of every metropolitan city.

I might add, in Charlotte, about 7 years ago, when I was elected Mayor of Charlotte, and I am in my fourth term now, we introduced a major corridor planning program, which is a comprehensive plan of transit, roads, buses, and land-use planning. We presented this to the voters of Charlotte and they, as a result of that plan, approved a half-cent sales tax by a 58-percent voter referendum, and we are very pleased to get that.

As a result of that, we have further developed a five-corridor program, and we have several of those programs that are in front of your Committee and also in front of other committees throughout Congress. We have expanded light rail on the first rail. We are recommending plans which include an integrated approach between bus systems, light rail systems, and also busways.

However, this does not just include transit planning. Part of our plan does include transit station development principles and joint development guidelines, pedestrian-friendly overlay districts, and we are also preparing stations with incredible economic opportunities around our stations, which we think will provide more jobs in the future for our citizens. We are also coordinating that with some environmental issues of brownfields and housing and making an integrated approach around other important subjects as it relates to our cities.

This is not just happening in Charlotte. It is also happening with many of my peers from Ft. Worth, Seattle, Portland, and so forth.

Our recommended system plan is to meet the tailored needs that exist in our corridors and utilize a mix of transit modes rather than one-size-fits-all approach.

In Charlotte, our recommended system plan is estimated to cost $2.9 billion over 20 years, of which $1.9 billion is for rapid transit. Now in Charlotte, we are assuming 50 percent Federal funding for rapid transit projects. Even with this, we need $990 million from the FTA's New Start program.

On behalf of all mayors, however, we do want to emphasize, we think there is a strong need to keep the program 80/20, as we do for other forms of transportation, including roads. That does send a strong message that transit is as important as our road network. And by the way, I feel very strongly that they should work parallel and integrated with each other.

We are also counting on $643 million in FTA formula grants over the 20-plus years for capital improvement to maintain the other parts of the transit system. Our total need in Federal support over the period is just over $1.6 billion or 56 percent of the estimated total capital cost.

We are not just seeking to build a transit system as an end in itself. We are trying to change how our community will grow and prosper in the future and protect our quality of life and our environment. And by doing this, we expect to cut down on the growth of VMT's, which will help us with our air quality programs and also provide greater access to our jobs and our educational opportunities. This is, by the way, very important to our banks so that we can get people to and from work in a reasonable amount of time, and to our other major manufacturing firms.

It will also allow our community to sustain its growth and have a choice over congestion, and I think that is a point that is often not made. I know my critics get me on this item a lot about congestion. We are not planning to solve the congestion problems just through this. But we need to provide a choice for the consumer, and that is extremely important as we keep the economic vitality of all cities alive and thriving.

I encourage this Committee to continue to provide Federal support that is predictable to help us develop multi-year investment plans and to take advantage of opportunities to leverage private financing. So, we need some predictability over a long period of time as we change and elected officials change.

I encourage you to consider reauthorization of the Federal transit program in the year ahead and I urge this Committee, along with all other mayors and the U.S. Conference of Mayors, to grow the size of the transit program and to maintain the annual funding guarantees established under TEA–21.

Thank you very much for this opportunity and I look forward to having a discussion with you later on.

Chairman SARBANES. Thank you very much, Mayor McCrory.

Mr. Rodriguez.

STATEMENT OF ERIC RODRIGUEZ
DIRECTOR, ECONOMIC MOBILITY INITIATIVE
NATIONAL COUNCIL OF LA RAZA

Mr. RODRIGUEZ. Thank you, Mr. Chairman, for the invitation to speak today and share with you the perspectives and views of the Nation's Hispanics on transportation equity issues.

I also want to take this opportunity to thank you for your leadership on predatory lending issues, which, as you know, is a critical issue concerning the economic security of the Latino families across the Nation. We look forward to working with you in the future Congress.

Mr. Chairman, I appear here today on behalf of the National Council of La Raza, the country's largest national Hispanic constituency-based organization representing over 300 community-based organizations and 33,000 individual associate members. Since 1968, NCLR has worked tirelessly to alleviate poverty and improve the economic security of the Nation's Hispanics.

As you well know, Latinos across the Nation rely heavily on the country's transportation systems to get to and from work and access important educational and health services for their children. But, for the most part, the transportation policy process remains a mystery to many Latino advocates and community leaders who are often focused almost exclusively on other pressing community needs. As a consequence, Latinos, traditionally, have not engaged heavily in debates on the future of Federal transportation policy. In light of this, we appreciate the opportunity to share our thoughts with you as this debate begins to unfold.

As you may well know, between 1990 and 2000, the country's Hispanic population grew by 58 percent and is now 12.5 percent of the total U.S. population. This growth has been accompanied by impressive economic labor market and political gains for Latinos. Hispanic purchasing power is on the rise, now over $580 billion annually, and Latinos make up the fastest-growing segment of new voters nationwide.

More importantly, however, especially with respect to this debate, the influence and reach of Hispanics is now more dispersed than ever before, with growing numbers of Latinos in States such as North Carolina, Rhode Island, Georgia, Iowa, and Arkansas, just to name a few.

Driven by the desire to work and provide for their families, Latinos have moved where jobs exist. In many instances, they have settled in regions of the country where transportation needs are most severe. What is more, in spite of the strong work ethic among Latinos, many continue to face serious economic and employment challenges. In 2001, 21.4 percent of the Nation's Hispanics were poor. Latinos are three times more likely than other Americans to be working, yet still poor. And Latino families now make up one in four families in the TANF system nationwide.

As the composition of the Nation's working families changes to reflect the growing presence of Latinos, systems designed to serve, strengthen, and protect these families should begin to weigh more heavily the distinct challenges facing these families. In this sense, refining and modifying systems to account for Latinos is much less a question of equity than it is one of good policymaking.

Safety net systems and Federal policy in general will not effectively meet the growing needs of families and States if they fail to respond to the challenges in the populations they serve. With this in mind, transportation systems across the country must also begin to respond to the changes in communities and neighborhoods.

From our standpoint, several items are important to consider for Latinos in the context of transportation policy. First, 9 in 10 Latinos reside in metropolitan areas and 45.6 percent of Latinos reside in central cities. Almost one-quarter of these residents are poor, meaning public transportation and transit are particularly important for Hispanics.

Second, Welfare to Work transportation issues have become especially relevant to the more than 500,000 families in the TANF system. Access to jobs initiatives that target transportation services for families that need to get to a job or training are key.

Third, the emergence of Latinos in isolated areas of the country and the concentration of Latinos in regions where transportation

challenges are especially acute, such as along the United States-Mexico border, as well as on the Island of Puerto Rico, mean that transportation initiatives targeted to the neediest areas of the country are an important focus for Hispanics as well.

Fourth, poor or insufficient transportation policy outcomes for Latinos in their communities are a direct result of the limited role Latino community leaders and advocates have played in setting and shaping national, local, and regional transportation policies.

Finally, system-wide transportation process issues concerning public information, participation, and accountability are major priority areas for the Nation's Hispanics.

In view of this, from the perspective of Latinos, good Federal transportation policy would improve the flow of information on important transportation policy issues and questions to Latinos, increase Latino participation in transportation policy decisionmaking, ensure that transportation projects do not have disparate impacts on Latino communities, and deepen the relationship between transportation policymakers and administrators and Hispanic-serving community-based organizations.

As the debate in Congress unfolds, lawmakers can take several specific steps that meet these broad objectives, including the following: Expand and strengthen the Job Access and Reverse Commute Program. More Latino families are beginning to reach their TANF time limits while jobs are becoming more scarce. In order to more successfully connect would-be workers to jobs, this program should be doubled in funding and refined to ensure greater innovation by improving the ability of community-based groups to compete for resources.

Make targeted investments in public transportation. Policymakers should retain a uniform ratio of Federal-State investment in new capital capacity and public transit and highways and take steps to encourage, perhaps through the use of incentives, increased funding in public transportation, a key area for Latino families and workers.

Strengthen guidance and implementation of language policy standards. The DOT has issued guidance regarding ways to better serve those that are limited-English-proficient. States need additional support and resources to effectively improve services, especially States with emerging communities, such as Georgia and North Carolina, dealing with the challenges of new immigrant populations with serious English language challenges.

Encourage greater economic and community development. Two transportation measures can help to promote economic and community development where Latinos reside. First, States can be encouraged to set aside a portion of their Federal highway transportation funds for recruitment, training, and supportive services for minorities in transportation construction fields. Second, local hiring agreements for communities where transportation projects are built can be an effective tool for connecting unemployed Latino residents to jobs.

Strengthen civil rights protections. There are clear patterns of disparate impact from transportation policy decisions across the States. Much more needs to be done to strengthen the existing pro-

tections built into the system, including issues around data-collection and accountability.

And improve public participation in the transportation planning process. Full disclosure of the annual list of projects by Metropolitan Planning Organizations would improve accountability and equip local community leaders to engage in the process. Also the composition of the Metropolitan Planning Organizations should be adjusted to ensure that low-income and Latino residents can contribute to the decisionmaking process.

Taking clear steps to address these concerns would go a long way toward improving transportation policy outcomes for Latinos and the States, cities, and neighborhoods where they live and work.

I appreciate the opportunity to testify today and encourage you to call on us in the future.

Chairman SARBANES. Good. Thank you very much.

Mr. Cox, I think we will go to you and we will give Mr. Winstead a chance to catch his breath. I will probably go to Mr. Kienitz, too, and then I will let Mr. Winstead conclude, since he was delayed getting here.

We would be happy to hear from you, sir.

STATEMENT OF WENDELL COX
VISITING FELLOW, THE HERITAGE FOUNDATION AND PRINCIPAL, WENDELL COX CONSULTANCY

Mr. COX. Thank you, Senator. I will blame my lousy performance on not being ready. You took me by surprise.

[Laughter.]

By the way, in my prepared statement, I identified a couple of places where there were some errors and have an errata sheet here. I have 16 copies for you, Senator, if you would like them.

Chairman SARBANES. I would like to have them.

Mr. COX. I will obviously divert from my written statement and ask that my statement be accepted into the record.

Chairman SARBANES. Without objection, so ordered, along with the correcting sheet.

Mr. COX. Thank you, Senator.

You are going to hear from me some perspectives that you have not heard before.

Chairman SARBANES. That happens to us from time to time here.

[Laughter.]

Mr. COX. Nothing is predictable.

I am talking this morning from the perspective of a situation where we have, as I think we all know, a very serious urban mobility problem in this country and a very significant problem of traffic congestion.

We have seen over the last 10 years, according to census data, the average work trip travel time increase in this country 3.1 minutes, which is four times the increase from 1980 to 1990. And my sense is we are liable to see that kind of geometric increase continue because we are not providing the new roadway capacity at this point to accommodate the continued traffic growth that virtually every Metropolitan Planning Organization in this country accepts is going to continue to happen.

I am not suggesting it is real easy to go in and provide all sorts of new freeways in the cities. That can be done. But the point is we have a very difficult problem. And so, I am going to talk to you mainly from a perspective of how to make the transit program more effective in terms of dealing with traffic congestion in our urban areas.

Now, the last 10 years have been a time of success and a time of failure for public transit. We have seen the overall numbers of public transit riders with respect to passenger miles increase. At the same time, the Census Bureau tells us that transit has now hit a 40-year low in terms of work trip market share. The reason work trip market share is so important is because it is the work trip that is of course concentrated two times during the day, that creates most of the traffic congestion that recurs in our urban areas.

So that, over the last 40 years, all of the governments of this country have spent nearly $500 billion in 2002 dollars on public transit and there are fewer people using public transit today to get to work than at any point since the Census Bureau began asking the question 40 years ago.

Chairman SARBANES. What is the question that is asked on the basis of which you make that statement?

Mr. COX. Essentially, it is how did you get to work last week?

In fact, Roy, I think that you have the exact question in your testimony.

Mr. KIENITZ. It says, "How did this person usually get to work last week? If this person usually used more than one mode of transportation during the trip, mark the box of the one used for most of the distance."

Mr. COX. Okay.

Chairman SARBANES. So if I go to work three times a week by car and twice a week by transit, then I do not use transit under this question. Would that be correct?

Mr. COX. It depends on how the question's answered. I would argue that if you asked me the question, when I used to ride the Park & Ride bus in Los Angeles three times a week, I would say I went by transit. If I went only 2 days a week, the appropriate answer would be, I did not go by transit. I went by some other means, that would be my interpretation.

Chairman SARBANES. I thought that is what I said.

Mr. COX. I perhaps misunderstood. See, you took me by surprise by putting me ahead here.

In any event, the point is that the problems that we see, and even if we assume that transit ridership has been understated by the census surveys, even if we look at the transit increase over the last 10 years, which is only 16 percent over 10 years in passenger miles, that would give you a bare increase in market share, very small. Still around 5 percent of travel to work.

The fact is, however, transit is a very attractive way for people to travel and people use transit where it is auto-competitive in the world. In Tokyo, for example, where you have a more than thousand-mile rail system with more than a thousand stations, 60 percent of the travel is on transit. In Paris, something like 24 percent of the travel is on transit. Yet, 80 percent of the people live outside the city and 80 percent of the people work outside the city. And

even with the fine transit system that they have in Paris, very little of the mobility between the suburbs where most of the people live and work is by transit.

We look at the United States. In Manhattan, for example, where south of 59th Street, 75 percent of the workers get to work on transit, very successful. Yet, if you look outside the city of New York, where something like 70 percent of the people get to work on transit, in Senator Corzine's area and in Connecticut and in Westchester County, and Long Island, only 4 percent of New Yorkers get to work on transit outside the central business district.

Or if you look around the country, what you find is that transit is essentially about downtown. That is to say, you take the city of Chicago and the city of New York, not the metropolitan areas, and you take the 10 next largest business districts in this country, and you get 53 percent of the transit ridership to work. Fifty-three percent of the transit ridership to work goes to 600 square miles or less than 1 percent of the urbanization of the United States. It is a very concentrated situation. And my basic point is that transit is about downtown and because it provides auto-competitive service essentially only to downtown, and in a very few, very large core cities like New York and Chicago, it really has no potential to make a significant impact in traffic congestion.

This is illustrated, if you look, for example, at the Chicago area, where if you look at suburban-to-suburban trips that are available by transit for the work trip, average travel time on transit is something like 2 hours or even more—in a community where the average auto trip to go to work is only 30 minutes. The point is, outside the central area, outside in the suburbs where people live and work, you find that most of the people that travel by transit do not have cars. They have much lower incomes. And the reason is because auto-competitive transit service is not available.

Go to Portland, Oregon, which has done a significant job in trying to increase transit service and smart growth and so on, and you find that 70 percent of the locations in the urban area are accessible by auto-competitive transit to downtown. Only 5 percent, however, when you get out to the suburbs.

So transit is about downtown, and the basic problem with the Federal program and with the program of transit agencies is there are no plans to significantly change that. We do not see rail systems or bus systems that are going to make much of a difference in the suburbs and we cannot expect that to happen because even when you go to Europe, you find that the sprawling suburbs—and they have sprawling suburbs in Europe—you will find very little transit service between suburbs in places like that because auto-competitive transit service is limited essentially to the core areas and to the downtown areas.

Now this is not because transit is no good or ineffective. It is because the urban forum is such that transit is unable to successfully serve the sprawing urban areas.

We have seen a number of new transit rail programs around the country that are very popular. At the same time, the census data shows, for example, that transit ridership to work in the Dallas area, with three light rail branches and a commuter rail line, went down in the 1990's. We see that in the St. Louis area, with a very

successful new light rail line, transit ridership went down to work in the 1990's. Or if you look at Portland, you find that traffic congestion in Portland has increased since the opening of the first light rail line by more than any community in the country, except for the Los Angeles area.

My point is that, with respect to traffic congestion and transit, we need to be looking not at how many people are on the train, but how many people are being taken out of the roadway by virtue of being attracted to the train. All of the new travel that is anticipated in this country virtually is anticipated to be by automobile. And to best improve urban mobility, we need to be focusing, I believe, on reducing the hours of travel delay that people experience in this country.

Now there were some rays of hope in the census data. We saw, for example, that while transit ridership was trending downward slightly, carpooling went up by about 250,000. And in a number of cities like Phoenix, Dallas, Houston, Seattle, and Atlanta, there were very substantial increases in carpooling. Or even better, take a look at telecommuting, where 750,000 or more new telecommuters were identified by the Census Bureau. That does not cost public money at all, and yet, takes people off the road without any question at all.

Let me just close here by spending just a moment talking about smart growth because there are some proposals being talked about to expand Federal regulation in the land-use area with respect to the public transit and the transportation system.

We need to understand that for all of the talk to the contrary, smart growth and the compact city does not reduce traffic congestion, despite the claims. It increases traffic congestion. All of the data, international and national, shows a strong correlation between higher densities, which smart growth requires, and higher intensities of traffic congestion.

I believe it would be a mistake to impose any further regulations that encourage more dense development. Let the communities make their own decision because traffic congestion gets worse with smart growth.

In addition to that, there is a much more difficult issue, and that is the issue of homeownership and housing affordability. The fact is that smart growth largely involves the rationing of land. And if there is anything we know about economics, it is that rationing increases prices.

For example, Oregon, with the most comprehensive smart growth laws in the country, saw its housing affordability drop more, according to census data in the last 10 years, than any other State by far. The point is that when you ration land, you increase the price of housing which in turn creates real problems and it creates the most problems for lower income people who are denied homeownership, and those people are disproportionately minority.

Dr. Matthew Kahn of Tufts University recently published a report to the extent that African-American homeownership was higher in more sprawling urban areas than in less sprawling urban areas. Or there is a new study that has just been published in the last 6 months by Harvard, and it is in my report, but I do not remember the exact names of the professors that did it. But they ba-

sically come to the conclusion that the differences in housing affordability in this country have largely to do with zoning and land-use differences. The more regulation, the more is the difference and the higher the housing prices.

The real problem we have here is this Nation has managed to retain itself as the most affluent Nation in the world by far. Actually, there is one nation, Luxembourg, approximately the size of Fresno, that is more affluent, but that doesn't count, in my view. The point is that homeownership is a crucial element of the creation of wealth in this country. And smart growth reduces homeownership, raises prices, and, in the long run, will create a system where we have a less inclusive society.

So where does that lead us? Let me suggest three recommendations. First of all, I would urge you to ask the Government Accounting Office to look very seriously at alternatives to better used transit funding to get the most, as it were, bang for the buck.

How might we use transit funding, for example, to encourage more people to work from home, which is a very effective way of getting people out of their cars? How might we use transit funding to do a better job with high-occupancy vehicle lanes, carpools, bus rapid transit, and high-occupancy toll lanes that create a situation where transit might begin with these kinds of flexible systems to be able to serve more of the urban area.

Second, I would suggest in the long run there is a need in this country to look more in the long run at the cost per-reduced hour of traffic delay, per-reduced hour of personal travel delay in terms of getting our programs more efficient.

Finally, I would urge you to not increase regulation or impose any new smart growth regulations with respect to the reauthorization. Smart growth increases traffic congestion and it reduces homeownership, and those are not things that I think are good for this country.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you.

Mr. Kienitz.

STATEMENT OF ROY KIENITZ
SECRETARY, MARYLAND DEPARTMENT OF PLANNING

Mr. KIENITZ. Thank you, Mr. Chairman.

My name is Roy Kienitz. As you said, I am the Secretary of Planning for the State of Maryland. I will focus my remarks principally on the transit portion of what has been discussed today.

As you just heard, a lot of figures have been cited to paint a seemingly bleak picture using data from the 2000 census long form about transit ridership. I would urge you to take that data with a significant grain of salt for a couple of reasons.

The first of which is that other data sources actually show a markedly different trend in transit usage than is shown by the census data. As Ms. Dorn cited earlier, we saw a 22-percent increase in transit ridership over about the last 5 years. That was both the greatest increase that we have seen in many generations, as well as it was the first time since records have been kept that transit grew faster than driving over a period of 5 years. We have a conflict between the census data, which shows essentially no growth,

and the actual data of paying customers showing significant growth. I think that would motivate us to look further at this issue.

The second of which is, as you heard, the census questionnaire asked people about their journey to work. What people in the transportation community know is that work trips are about one-fifth of total trips. This methodology necessarily would miss the increase in the use of transit for this other 80 percent of trips, which almost certainly did occur and was missed.

As to the question of transit and traffic congestion, it is fair to say that transit does not solve traffic congestion. I think Mayor McCrory said that, and Mr. Cox as well, and that is a true statement. But there is a lot more to the story than that.

A metric has been developed to try to describe this and it is called the Congestion Burden. It is an indicator that allows you to look at both what the intensity of actual rush hour congestion is in any given metropolitan area, but to take that in the context of what portion of the population at any given time is being subjected to that congestion. I will give one example.

The San Franciso and Detroit urbanized areas have about the same population. But the level of congestion is significantly more intense in the San Francisco area. And in fact, it was ranked second in the Nation by the Texas Transportation Institute in their report last year. But about three times as many people in the Bay Area do not participate in the congestion because they are using some other means of transportation rather than getting in their car and getting on the freeway and driving. The net result is that the burden that congestion places on the region is not second in the Nation. Their ranking dropped significantly to something like 29 out of the 70 largest cities.

Detroit, on the other hand, has one of the lowest transit mode shares of a major city. And so, even though the intensity of its congestion is less, almost everybody is being subjected to it. The burden that that congestion is placing on that region is significantly higher, and it would rank third in the Nation, according to this particular measure of congestion burden.

Chairman SARBANES. Let me see if I understand that concept.

Mr. KIENITZ. Yes, sir.

Chairman SARBANES. Let's take New York, south of 59th Street. I think that is the figure you used. About 75 percent are using transit.

Now if I am on the street in New York in my automobile, I may experience an incredible congestion problem. I may just inch along block by block, as many of us have encountered it. So the congestion is pretty intense, but the number of people affected by it as a percentage of the total population is a lot less. There is a whole significant element of the population who are not impacted by that street traffic congestion.

Whereas, in Detroit, where there is not much transit, the intensity of the congestion may be less than in New York. In other words, I do not inch along. I move along by feet or yards, let's say. But the number of people impacted by that congestion is very high because there are not the alternative modes.

Mr. KIENITZ. That is exactly it. Mr. Cox is correct to say that the density of jobs and housing is directly related to the speed at which

cars move on those roads. But you can have highly functioning, highly competitive, economically vibrant places that have slow road speeds because the system has been built around that principle. And Lower Manhattan is the prime example of that in our country.

To dismiss transit as not solving congestion, requires us to determine whether the other ways in which we could spend that money would solve congestion. The principal alternative advocated by some people is take the money and spend it on more road capacity. And a lot of work has gone on in the last couple of years to trying to figure out whether that strategy is actually working.

In my testimony, you see there is one figure that examines a group of the cities that were tracked for congestion over time. The group of cities that did the most to add roads found road capacity per person going up by 17 percent over the decade of the 1990's. The group that had done the least found road capacity per person actually falling by 14 percent over the course of that decade as population grew, but the road system essentially did not.

According to the conventional wisdom, you would expect to see that the traffic problem in that second group was bad and getting worse, and that the first group was faring better. But in fact, that is not what you actually see.

If you track these actual groups of cities over the course of the 1990's, at the end of the decade, the congestion is essentially the same in those two groups of cities, and the rate of change of congestion over the period of the 1990's was also essentially the same. We see slight differences of a few percent, but nothing major.

And this actually tracks with our common sense experience, which is, Atlanta and Houston did a whole heck of a lot of roadbuilding and the traffic is pretty bad there, and other cities did not, and they also have bad traffic.

So, I do not think it is fair to dismiss transit as not solving the traffic problem, given that we do not seem to have much of a solution anywhere to the traffic problem.

I think the Mayor placed the emphasis correctly, which is to say, if we do not have things in the toolbox that are going to eliminate congestion, then you have to adopt a different goal. And this goal is giving the individual the choice as to whether to tolerate that congestion or not, rather than having it be a choice made by the Government, in which we choose that people have to tolerate it.

Rather, we want to give the individual the choice. And for those who, for whatever reason, wish to drive and put up with the congestion, they have that choice. Those who do not can make another choice.

I would also like to talk about funding for a moment. When we talk about spending on transit, we usually are talking about Government spending. But, by far the greatest amount of spending on transportation is actually done by families. Businesses and families spend something like five times as much as Federal, State, and local government put together.

And it turns out that the nature of the transportation system that the Government has provided has a huge effect on how much we have to spend as individuals. The Commerce Department reports that about 18 cents out of every dollar in the budget of the

average American family is spent on transportation. But this varies widely.

In Houston and Atlanta, it is 22 percent. And in New York and Chicago, it is 15 percent. An analysis has been done showing that the degree of sprawl in these areas and the access to good quality transit is a major determinant of how much families have to spend.

Of course, this benefit is not entirely free. People in New York probably pay taxes at a higher level than in other cities in order to support their transit system.

So, we went and looked at that and found that the average household in the New York region is probably paying $400 a year in taxes locally more than a family in Houston might be paying, where they do not offer much in the way of transit service. But personal expenditures per capita on transportation as a whole are $2,900 per year less for a household in New York than in Houston, and that is because car ownership rates are lower. The amount of driving that they do is lower. And they spend more money on transit, but transit is in fact a much cheaper choice for most people.

We have to look not just at where the Government dollars are going, but how they are influencing where the private dollars are going. And by that measure, I think transit is a good bargain.

I will cite one last statistic, too, which is you can look at these figures on a gross regional product basis, and look at different cities around the country. We did a comparison of Detroit, Chicago, and Toronto, three cities around the Great Lakes.

What you find is that in the Detroit area, 15 percent of the gross regional product is going into passenger transportation. In Chicago, which has a much more extensive rail system, and has done somewhat less roadbuilding, it is 12 percent of the gross regional product. But in Toronto, which has really aggressively invested in transit and did not build a lot of the roads over the course of the last 30 years, the share of gross regional product going to passenger transportation is 7 percent. That frees up a huge amount of money, usable for other things, whether housing, health care, or education, both for private investment and for public investment.

To conclude, you can make a good case that transit is not now and is not going to be the dominant mode of transportation in the United States. And that is true.

But that does not answer the pertinent question for the Committee, which is, where should the next dollar of public funds be invested? Because we have invested so heavily in the road system in this country over the last 50 years, additional marginal investments in that system actually provide a much smaller benefit than the first dollar we spent, which likely provided a very large benefit. The reverse is true for transit.

As Mr. Cox pointed out we have significant and effective transit systems in the major metropolitan areas in the United States. But in many medium-sized and smaller cities, we do not yet. And that means that you can get a potentially larger marginal benefit by spending your dollars there. I would just say that, when you count everything, transit is a good buy.

Thank you.

Chairman SARBANES. Thank you very much.

Mr. Winstead.

STATEMENT OF DAVID WINSTEAD
CHAIRMAN, TRANSPORTATION COALITION
MARYLAND CHAMBER OF COMMERCE
ON BEHALF OF THE
U.S. CHAMBER OF COMMERCE

Mr. WINSTEAD. Senator Sarbanes, Members of the Committee, it is a pleasure to be here this morning, back before you, Senator.

I am David Winstead and I am a partner in the law firm of Holland & Knight. I am here representing the U.S. Chamber of Commerce and I am also Chairman of the Maryland Chamber of Commerce's Transportation Coalition Committee, which is a statewide group in Maryland made up of the local chambers committed to mobility and better transportation for businesses in the State.

The U.S. Chamber is the largest business federation representing more than 3 million companies and organizations of really every size and sector of the economy, as well as region.

I would like to really articulate three basic objectives for the Committee's consideration. I would like to talk about the importance of adequate funding for transportation to meet the needs business commerce, as well as commuters and mobility of residents, to highlight the U.S. Chamber's TEA–21 reauthorization, or TEA–3 policy principles, and also to discuss the objective of the Americans for Transport Mobility Coalition, which is out there and the U.S. Chamber is promoting this to build public and political support for safe, more efficient transportation systems.

A little bit of a qualifier. I had the privilege of serving from 1995 to 1999 as the Maryland Secretary of Transportation. Senator Sarbanes and I worked very closely during those years. And in 1998, I was President of ASHTO, who did work with Congress during the reauthorization of TEA–21, very closely looking at both the transit and highway elements.

Fortunately, for Maryland, we have a very integrated transportation department with five modes, including airport, port, both transit, bus, as well as the highway system.

But both the United States and the Maryland Chamber of Commerce understand the importance of investments in our Nation's public transportation system. Increased investments is critical to the future economic growth of our metropolitan markets and our States, to keep competitive internationally. Obviously, it impacts on quality of life.

We have heard a lot of evidence on this panel about the increased cost of congestion and the kinds of reactions businesses are forced to take in off-peak hours to move goods to consumers.

And national security, that we need to be able to manage these systems and to get people on public transit. Particularly in the National Capital Region, we are very worried about evaluation and being sure that people can get out, where there unfortunately to be another incident.

I would also like to mention, because Roy Kienitz, a former colleague of mine, and still with the State of Maryland, has pointed to this whole issue of land-use planning, which is key to this.

As an aside, this morning, Senator, I spent time with the property-owners around the Largo station, which is a station of WMATA that will open in December 2004. And there are three pri-

mary property-owners, including the owner of the land, the lessee of the land that is redeveloping the old Cap Centre.

And I will tell you that the focus on what happens after or before these public transportation systems, fixed-rail systems, are built is key to this whole thing. Taking the smart grown principles, looking in advance in terms of the kind of mixed-use densities that drive ridership and complement the community around there that is concerned about traffic congestion generated by transit stations. So that is ongoing. ULI this afternoon has a program in transit land-use planning.

A lot of people are trying to deal with this factor of after the systems are in place, how do you best manage them from a development standpoint, from a land-use control standpoint, to get the most return from those transit dollars invested?

But at a time when the business community and the Nation at large are more reliant upon seamless, multimode transportation systems, our systems, because they are aging, are really in many cases ill-equipped to handle the increasing volumes of people and freight. The Washington Beltway is a classic case of that every day. The businesses are modifying the distribution. The public is commuting, trying to get on fixed-rail and other rapid bus alternatives to accommodate essentially the problems we are having with road capacity.

And in fact, public transportation, as Roy and others on this panel have talked about, is increasingly an important role in the American intermodal transportation system.

In 2001, we saw 9.5 billion times that Americans used our public transportation system and ridership has grown since 1995 by 23 percent. This represents the highest level in more than 40 years. A lot of what we are seeing is paying off. These huge increases, the light rail in Baltimore, the subway, the extension of WMATA here. We are seeing rapid growth in terms of ridership increases. These ridership gains are directly attributable to the significant Federal investment. Without it, these systems would not be in place.

In Maryland, for example, TEA–21 authorized, and the Senator took a lead in that, along with Senator Mikulski and other members of the delegation, in a $120 million investment in the light rail system in Baltimore. That was absolutely necessary. We opened during my tenure the extensions to Hunt Valley, a major business park north of Baltimore, and to BWI Airport.

In portions of that system it was single-tracked, which really inhibited us from being able to have the frequencies of flows to generate ridership. And you have to have a system that is dependable, that is there, within a gate of time that people will use it. But that is a vital project that is now moving forward as an example of where this money has gone.

Across America, investments are paying off. For every billion dollars in Federal capital funds, about 47,000 jobs are being generated and about $3 billion gain in sales. So for every billion in the transit or highway investments of the Feds, that is the kind of payoff you are getting.

The consequence of not meeting the mobility demands placed on transportation systems are going to be increased congestion, decreased productivity, and increased traffic accidents. One of my

major concerns as Secretary in Maryland was my concern about this vicious cycle of congestion leading to anxiety, overaggressive drivers, accidents, and more congestion. And we have to, through an aggressive driving program of the State police, we are helping. But congestion does lead to increased slowdown on our highway systems. And the cost of road congestion is ever increasing. It is nearly $78 billion annually, in 1998. That is more than triple what the cost of congestion was 20 years ago.

To meet the transportation challenges facing the Nation, we must invest our limited resources in better, more efficient matters, and I think this panel has addressed some of the innovative transportation and public transit systems that are being considered.

I know that the Washington area is considering rapid bus transit as a major alternative because of its reasonably low cost to fixed-rail or light rail investments. And the U.S. DOT estimates that $20 billion in capital investment is needed annually just to maintain and improve our current public transit systems. So the future success of the Nation's businesses and of our economy is predicated on mobility and efficient system.

And the U.S. Chamber has created a coalition called the Americans for Transportation Mobility, to assist governments and other stakeholders in bringing about strong support for reauthorization. This coalition is made up of more than 350 national, State, and local organizations in favor of building safer, more efficient intermodal transportation systems, and the Chamber has formulated a nine-point agenda for reauthorization for your consideration, which we hope will help increase surface transportation investments.

Today, I will highlight very briefly four or five core planning principles and values. First, the U.S. Chamber strongly advocates that during reauthorization, the Senate and the Congress recognize the multimodal nature of the States' transportation network and strives to improve mobility, flexibility, funding, and competitiveness between these systems.

Second, the U.S. Chamber advocates the Nation's need to spend all the revenues collected in the Highway Trust Fund for surface transportation investment, as well as expand on the public-private funding initiatives.

There are many engineering firms and many investors out there. There are several, like Conex in Europe and Yellow Transportation in Maryland, that are very willing to enter into privatization of public transit systems to be able to better manage and better market those systems. And that is another alternative.

Third, the U.S. Chamber recommends that all fuels used for the highway system users, including ethanol, be taxed at the same rate as gasoline and have these revenues dedicated to the Highway Trust Fund, with 80 percent dedicated to the Trust Fund and 20 percent to the mass transit account. Further, 2½ cents per gallon of the ethanol tax that is currently placed in the U.S. Treasury should be transferred to the Highway Trust Fund again with an 80/20 split with Federal, State, and local. We must fully utilize all the current funding mechanisms before considering new options. But the Chamber's priority is to have the Federal Government grow its investments in the surface transportation systems. That

will meet our Nation's business needs, as well as our traveling public's needs.

Fourth, the Chamber supports ways to accelerate product delivery once the decision is made to maintain and improve our transportation infrastructure. Senator, you were involved in this during the reauthorization. I know there was a lot of discussion at DOT with Emil Frankel and his group. But, in truth, there is a lot to be gained from ensuring on the Federal level that the permit review processes are not streamlined, that they are not reduced to save environmental degradation or issues that we are trying to protect the environment, but are approved from a process standpoint.

Concurrent reviews of the Federal permitting processes with the Federal national resources agencies tied into the State reviews can help move projects forward, in the estimate of the American Council of Engineers, some 30 percent faster, which would mean, Mr. Chiarman, on the Intercounty Connector, you could move that project forward. Maybe instead of 10 years, maybe 7 years, or WMATA's purple line. So there is great savings, we think, as a Chamber, in implementing good review mechanisms of the permitting processes.

In conclusion, the U.S. Chamber and the Maryland Chamber and the Nation's business community at large looks forward to working with Congress, this Committee, and the President, to see that the Nation improves our multimodal transportation network to meet growing demand needs and keep our competitiveness, and obviously, try to wrestle with what all of our metropolitan areas are dealing with, and that is increased congestion and increased time in commuting, and increased loss of productivity.

Thank you, Senator.

Chairman SARBANES. Thank you very much.

The first question I want to ask is, how do we, if not value, give sufficient consideration to the externalities that come as we discuss this issue?

For example, the environmental benefits that flow from people using mass transit rather than being in their automobiles, or the mobility advantages that come because children or young people can use transit. The elderly can use transit. As Mr. Rodriguez emphasized, we still have a population where affording an automobile is a pretty expensive proposition.

Now all of these, it seems to me, are benefits that we realize from transit, but are hard to quantify in some measurable way. And yet, it seems to me, these should be criteria that we consider as we try to evaluate these programs.

I would be interested in people's reaction to that.

Mayor.

Mr. MCCRORY. Mr. Chairman, I think you bring a good point about the environment. We tend to concentrate on just saying the air environment. I know Mr. Cox mentions the density argument. There is a major advantage to having some new density come into major cities and there is an environmental argument for that.

We have areas in Charlotte, due to a transit line just being planned, that used to be an area of total blight, brownfields, unemployment, inactivity, and no tax base, we now, because of a transit line, have people who would typically have moved out to sprawl

greenfields, have moved into the center city area. I am not talking about the downtown area. I am talking about outside the downtown area in the three-mile radius directly out of downtown, many areas of major metropolitan areas that have continued blight and decay.

What is happening in our New Start project is we have this new development that has occurred which I believe has helped at least slow down some of the sprawl, or the greenfields that may have been developed 30 or 40 miles outside of our city because some of the new workers now have a choice to live a mile or two from the workplace. And that, in the long-run, then, has a long-term measurement on our air pollution because we would not have as many people traveling 30 or 40 miles in during rush hour typically in an automobile.

One other item I wanted to say about the smart growth, and I am a very strong advocate of good growth and quality growth about housing.

If you look at the areas in the 1960's and 1970's in any city, I do not care what city it is, they all look the same. And if you look at the value of the homes in those cities, especially of the middle-class and lower-class homes, their values have gone down because of the congestion, the poor planning, the poor quality of work, and no zoning. And now, with the promise of transit coming through and good urban planning, all of a sudden, the values of those houses are going up.

That is a good thing for poor people and middle-class people. They would rather have the value of their homes go up than go down. And I guarantee you want to ask every one of them that question because they should have the same investment opportunities that I have had.

And what is happening around the transit stations that we are planning, the property value is going up. But the middle class and the lower middle class actually like that because that is often their major investment for their lifetime. And that to me is both an economic argument and an environmental argument.

I do think, I have stated this in the past, the previous Administration and the new Administration, to the EPA Administrators, some of our EPA policies actually work against transit. We have these attainment areas which actually discourage density in the urban areas because we have the attainment areas that, yes, in the short term, your air pollution will go up.

For example, when we built a football stadium in downtown Charlotte, that works against our attainment area. Well, it made a heck of a lot more sense to build a football stadium in downtown Charlotte than 40 miles out in the greenfield, where we would have to build new infrastructure.

The environmental policies actually sometimes contradict some of our sound transit land-use policies, and I think they need to be more integrated in the future.

The Administrator, by the way, who I am very impressed with, who gave the testimony, I think she is a strong advocate of awarding those people who not only have good transit plans, but also have good land-use plans.

Chairman SARBANES. Good. Anyone else?

Yes, David.

Mr. WINSTEAD. On your question about the environmental benefits of transit, in both Baltimore and Washington, you obviously have the planning process at the Baltimore Metropolitan Council and the Council of Governments, and a conformity plan that they need to develop annually.

So, you can see the direct benefit for projects, for example, the purple line that is being proposed, in terms of its contribution or benefits to clean air versus a new highway lane.

There is a way under the conformity and the modeling going on at the Council of Governments and the Baltimore Metropolitan Council to actually document that existing and new plan transit systems, what they are contributing to in terms of clean air. That is something that I might mention to you.

The other thing, your question about transit and incentivizing, I think the ITS issue is important here because, in Maryland and many other WMATA buses, increasingly, they are putting on DJS systems that will tell the operators exactly where every bus is and in the shelters. The bus shelters are going to be digital. There are some models of this now in Maryland, that tells you when the bus will be there.

I think the more we can make transit systems consumer-friendly in terms of dependable information about arrival and departure times, the more people will opt for them.

And the last thing, which, again, is this transit argument, I think one of the biggest distractions to trying to get more people on transit is that when you get down to this concept of local land-use control and Federal investment, there has been a disconnect in many ways.

I know the last bill did have land-use elements in it and I understand that they are going to be strengthening those in terms of the transit funding, looking at land-use decisions that will aid ridership once the system is in place.

But what happens continually, and it is still happening daily in the Maryland marketplace and the Washington region, is local political opposition from community groups that know they are getting a new Metro station or an existing one. There is still a lot of opposition to high-density around those stations. That is exactly where the high density should occur, residential, retail, and office.

Again, trying to get more people on transit, I think part of the problem is that disconnect on the local level of land-use planning and decision that is very deferential to community groups in and around those areas. Roy Kienitz could draw a circle around a transit station and define what the best mix of uses and the densities. Trying to translate that and to sell it locally is often our problem.

And I could cite Greenbelt and Largo as current examples, and others, where for example, the policy on smart growth of the Feds, of the State of Maryland, and some of these counties about mixed-use, high-density development of these transit stations gets broken down in the inability politically to sell it to the neighborhoods around those areas.

That is something that is going to continue to play out, but I think that is a distraction to trying to get more ridership on some of these systems.

Mr. COX. Yes, Mr. Chairman. There are also many negative externalities to the building of the expensive rail systems. A number of communities in the central city, where low-income people live, and perhaps 25, 30, 35 percent of the households do not have cars, have seen their bus services decline as a result of the investment in the rail systems.

We are probably all pretty much aware of my old agency in Los Angeles, which has been involved in building an expansive rail system and the Federal courts came in and basically told them stop or slow down because you are taking away from the bus system on which the low-income people in this community rely.

In the early 1980's, people in our community in the Los Angeles area, the South Los Angeles area, and the East Los Angeles area, oftentimes had to wait for two or three buses to go by before they could get space on those buses. That situation exists today.

Back in 1985, we had a low-fare program in Los Angeles which created a situation where we were carrying 500 million riders a year. Today, they are carrying only about 420 million riders, despite the addition of seven commuter-rail lines, two light rail lines, and a metro-line.

The point is that we are not using our transit money to get the most impact. And the most impact, I believe, needs to be obtained where people need transit the most. People need transit the most in our inner cities.

If you look at St. Louis, example, where major service reductions have occurred in the bus system in recent years at the same time that the light rail system has continued to operate at full level.

My basic point is that the people who are prepared to ride transit and need it oftentimes are the people who are penalized as a result of a vain effort to try to attract upper middle-income and middle-income people out of their cars for the travel to the downtown work location. Because, remember, as we pointed out, you go around the country, you cannot find any place in this country besides the downtown area where a significant percentage of workers are getting their on transit.

So that is why I think we have to be looking at two things. First, with respect to maintaining current systems, we need to be putting more money into getting more riders, especially those riders that need the services, because if you take surveys in the lower-income sections of our central city, you are not going to find people that are overly happy with the transit system. And second, with respect to service expansion, we need to be doing things that reduce traffic congestion and hours of delay the most.

Chairman SARBANES. I should note, my understanding is that under the New Starts program now, a jurisdiction seeking New Starts funds, as part of their effort, has to show that they are not going to deteriorate the existing bus service.

Now that may well have come out of the Los Angeles example you gave, and I know there was a lawsuit in Los Angeles. But my understanding now is that there is a hurdle, a threshold you have to cross to show that you are not going to deteriorate, for instance, the bus service. Is that right, Mayor? I saw you nodding.

Mr. MCCRORY. That is my understanding. I just might add, in Charlotte, as we institute our new rail system, we are putting an

incredible amount of new money into expanding our bus system and integrating the two.

Chairman SARBANES. I am looking at your map and I notice that.

Mr. MCCRORY. That is right.

Chairman SARBANES. You have red and blue lines and it is rail transit and bus.

Mr. MCCRORY. And we are also creating bus hubs in between the corridors. For example, at the shopping malls.

I agree with Mr. Cox, on the one aspect, you shouldn't reduce your buses. In fact, you should increase your buses at the same time.

The other point is, one of the reasons that the downtown areas are hubs, which statistically is correct, is because we do not have smart growth out in the suburbs. The developments that have been occurring in the last 20 years, there are no sidewalks, a lot of times no curb and gutter if you go to any modern city. We did not even have basic infrastructure, much less smart growth.

So that is one of the reasons. If you are going to build a new transit system, whether it be bus or rail, people need to be able to walk to and from those stations.

I think we have learned that some of the systems that did not work in the last 10 or 20 years, is that when people get off at a certain stop, there is nowhere to go safely. And so, it must be an integrated approach at all levels.

Chairman SARBANES. I want to address this decreasing congestion problem. I am having some difficulty working this through.

First, if we do not have the transit so that all those people are thrown onto the roadways, we would have an incredible congestion problem, would we not?

Mr. WINSTEAD. Absolutely.

Chairman SARBANES. The 5 percent that are using it, if that is the figure, or whatever the figure may be, may be a critical figure in terms of shifting that ridership over to another mode of transportation.

Mr. WINSTEAD. Senator, there is no question, if you were to take the ridership on Metro in a Washington commute and try to put them on road systems, nobody would be going anywhere.

Mr. KIENITZ. Perhaps some of the people from the Federal Transit Administration can verify this, but I think that the figure that has been calculated by someone is that traffic would be 37 or 40 percent worse if we were in that situation and those people were put back on the roads.

Now, the truth of the matter is that if you put all those people back on the roads, probably some of them would say, "No thank you, I will stay home." And so, whether the actual result would be that bad or not, I do not know.

Chairman SARBANES. Mr. Cox.

Mr. COX. Mr. Chairman, only to point out I certainly would not want to be misinterpreted as suggesting that we not do what we are doing now. I was not suggesting that we should close down transit. The fact is that transit does a very significant job in some very small areas of this country. And it would be inconceivable, for example, to operate the New York business district without transit, or the Baltimore business district without transit.

My only point, Mr. Chairman, is that we need to recognize that the market of transit with respect to automobile competitiveness is limited essentially to downtown, and downtown represents only 10 percent of the employment in our urban areas. And so, as people continue to suggest that transit is an answer with respect to reducing traffic congestion, my only point is, not so. Not so in the United States and not so in Europe.

Chairman SARBANES. Let me pursue that for a moment. I presume it is certainly so in certain highly dense urban areas, isn't it?

Mr. COX. There are no major employment centers outside of the downtown areas where a significant percentage of people take transit to work.

Chairman SARBANES. But the downtown area is an essential part of our economic structure, is it not?

Mr. COX. It is only 10 percent.

Chairman SARBANES. We have to make sure that the downtown area can function, do we not?

Mr. COX. Oh, indeed. Transit is absolutely crucial with respect to downtown.

Chairman SARBANES. Yes. And do you think it is crucial to Charlotte? Do you think Charlotte has enough downtown that transit is crucial to Charlotte?

Mr. COX. No.

Chairman SARBANES. What do you think about that, Mayor?

Mr. MCCRORY. I disagree.

[Laughter.]

I am building a 25-year transit plan. I am building a transit plan for the next generation. We are one of the fastest-growing cities in the United States.

If Charlotte looked like it was 10 years ago, I would never imagine Charlotte's downtown—60 story, 40 story, 50 story buildings, 10 years from now and 20 years from now, I am going to be dealing with a major issue.

Chairman SARBANES. Right.

Mr. MCCRORY. First of all, I am out of room for roads. I am not like a Texas prairie. I am out of room. If I start building more roads, I am tearing down neighborhoods.

Chairman SARBANES. Right.

Mr. MCCRORY. I can only build the roads so wide. And by the way, some roads, I can build 8 or 10 lanes wide, but it doesn't make any difference because the land-use patterns are so bad, that I would have to put a traffic light every 15 yards so that people could get in and out of their neighborhoods. So the roads aren't going to help me in that regard, and that is why I think it is very important to provide a choice to the people in Charlotte.

And, yes, in our downtown area. By the way, we are going to be putting in a major light rail line to our university, which I regret to say is in the suburb. I wish it was in downtown Charlotte, but it was not designed that way 25 years ago.

The area where the University of North Carolina at Charlotte is located, which has 25,000 students, was a cotton field 50 years ago. It is now a huge metropolitan area. It is a city unto itself. So our goal is to have students using transit. I have a picture of what that area is going to look like 25 years from now. If I do not start it

now, I sure as heck am not going to be able to start 25 years from now because I won't be able to find the corridors to begin.

Chairman SARBANES. Yes.

Mr. MCCRORY. An old chairman of a utility company convinced me, you do not wait until the paint arrives to start planning. You do it now, before it is too late.

Chairman SARBANES. We built both a football and a baseball stadium in Baltimore's downtown, within walking distance of the business district. So all of the transit that is designed to move people in and out to work can be utilized to move people in and out to the sports events in these stadiums.

In addition, the parking for downtown, that accommodates the office workers, just seamlessly moves over and accommodates the people attending the sporting events.

We can move a lot of people in and out in a relatively short time. We, in effect, intensify our use of the established infrastructure, whether it is highways, parking garages, light rail, mass transit, bus lanes, the whole bit.

We are utilizing that fixed investment to a much greater degree. And by and large, it is worked pretty well. It is in marked contrast with stadiums that are put out in the countryside, so to speak, and then they have these horrendous traffic jams trying to get people into and then out of the stadiums.

David, you had something to do with all of that.

Mr. WINSTEAD. Senator, I think that you are absolutely right. The business community in downtown Baltimore takes advantage of the parking. You have light rail that is heavily utilized during both the Orioles and the Ravens games.

The example of the MCI Center here in town is another classic case. When it was out on the Beltway without transit, it had very little ridership. Now downtown, right next to the WMATA headquarters gets 30 percent of spectators coming to the MCI events are doing so by public transit. So in both Baltimore and Washington, you are seeing that payoff.

Chairman SARBANES. Mr. Kienitz.

Mr. KIENITZ. I might generally address this question of building value. Both highway and transit investments build value. But they build it in different ways and they build it in different places. And this gets to this question of, are the traditional downtowns and denser, urbanized areas a place where we are going to see more growth or not?

Transit builds value around the stations in a very concentrated way, and you are seeing that, as you referenced, in Dallas, but also in Charlotte, and in Portland, and in all sorts of places around the United States. And Gallery Place here, this intense building of value and this intense rush to invest around these places where the system is seen as competitive.

Highway investments build value, too. But the place where they build value is in the large, diffused area beyond the end of the road, and much of that value is being built into land that was previously of very little economic value for development because it was greenfield land and the trips were too long in order for a developer to think that they could make money building it.

By spending our money on the same old same old, what we are doing is adding value into the private sector, but we are adding it in the very diffuse areas and we are adding it to greenfield land, which then becomes more likely to be developed. But when you invest in transit, you are also adding value, but you are adding it in a very different way.

That is why places like Washington, DC, for example, in the 1980's, you saw residential and office development going everywhere else. Now that the transit system has really been fully completed and we have done things like the MCI Center, the downtown is capturing its share and some might argue, even greater its proportionate share of commercial development. It seems like it is very hard to argue that that is not a desirable outcome, for all of the reasons of all the externalities that you cite.

And so, when you are making the decision about where to spend your money, and what kind of trend to reinforce, it seems like that is the trend to reinforce.

Mr. MCCRORY. Mr. Chairman, if I could add just one fiscally conservative viewpoint, too.

Chairman SARBANES. Mayor.

Mr. MCCRORY. A part of the equation that I think would be wise for your Committee to look at is if you do transit and you have high density in urban centers in metropolitan cities, that actually saves my taxpayers' money because I do not have to build a new interchange 20 miles out, which one bridge now can cost millions upon millions of dollars. So there is some cost savings of major infrastructure that I wouldn't need for a football stadium in downtown Charlotte, which, I might add, we did play the Baltimore Ravens recently this year.

I did not want to mention that.

[Laughter.]

But the infrastructure to build a stadium way out, and not just a stadium, but businesses and housing, would cost me a great deal that I think has to be part of the equation. And I think that is one reason you are seeing taxpayers put some local money in for the short-term for transit.

Chairman SARBANES. Mr. Cox.

Mr. COX. Senator, I just wanted to comment because this issue has come up a couple of times.

Secretary Kienitz mentioned the fact that costs of transportation are higher in more sprawling cities. The same data shows that cost of housing more than make up the difference. So if you add the cost of housing and transportation together, more sprawling cities are less expensive for people than less sprawling cities.

Now, by the way, that does not mean that I favor sprawl. I think we have to allow people to live and work how and where they like, unless there is some good reason not to. And I do not think there is one. But I wanted to make that point, sir.

Chairman SARBANES. Well, that is a correlation. I do not know that it is a causation. There are lots of other factors that go into what the cost of living in an area might be. The more sprawling city may be in a less developed part of the country, so to speak, and so, I do not quite know how you establish the causation.

Mr. COX. I would suggest, Senator, that if it is appropriate to comment, that it is more costly to travel in a more sprawling city, it is appropriate to comment that it costs less to live there.

Chairman SARBANES. All other factors being equal. But you have to look at what the other factors are.

Mr. COX. Indeed.

Chairman SARBANES. Yes, Mr. Kienitz.

Mr. KIENITZ. I would say that you are right, the list of confounding factors is far too long to explore in any detail here.

But I would say that I would generally agree with Mr. Cox that there tends to be an inverse relationship: In places where people spend a large portion of their personal budgets on transportation, they are spending less on housing. And the places where people spend a small portion of their personal budget on transportation, they are spending a larger portion on housing. Those two things tend to float up and down together.

The interesting thing is, what is the result for the economic fortunes of that household in making that choice? The thing you find is that the money that goes into transportation is money that is spent on personal property, largely. It is spent on a car. And as every one of us who has ever bought a car knows, you put down your $20,000, you buy your new car, and then 7 or 8 years later, you sell it for $3,000 and you go out and buy another one for $20,000. That is a rapidly depreciating asset.

By contrast, if you choose to spend less money on that and more money on your housing, you are putting into a very different type of investment. It is a real property investment, which, on average, the value of which goes up over time.

And so, although I cannot speak to the question of whether it is genuinely an inverse relationship with these things. But presuming for a moment there is, I would argue that the wiser choice financially for the individual family is to spend less of their money on transportation, which is mostly money down the drain, and put more of it into housing, which is money that grows over time.

Mr. COX. Mr. Chairman, If I might make one quick comment.

Chairman SARBANES. Senator Carper is here and I want to yield to him.

Mr. COX. The homeownership is also higher in the more sprawling cities. So in the less sprawling cities, people may be spending more on housing, but they are not necessarily getting more in wealth as a result of home appreciation because the renting percentage is significantly higher.

Chairman SARBANES. Senator Carper.

COMMENTS OF SENATOR THOMAS R. CARPER

Senator CARPER. Mr. Chairman, how is this panel? Are they pretty good?

Chairman SARBANES. We have had an interesting discussion.

Senator CARPER. How about the ones from Maryland?

Chairman SARBANES. And we had the Administrator before this panel and she was quite good.

Senator CARPER. I apologize for missing your presentations. Some of us have been over at the White House today talking about transit in Baghdad and how much that is going to cost.

[Laughter.]

What that leaves for other things here.

I thank you all for being here and for sharing your thoughts with us today and responding to our questions.

As I understand it, both APTA and ASHTO have been advocating significantly higher levels of investment in our Nation's transit systems than has the FTA.

A two-part question, why the discrepancy between what APTA and ASHTO are saying they think we need as compared to the FTA? And do you think that, for your own communities, the FTA's estimates are what you all need?

Mr. MCCRORY. If I could answer that first, sir, if you do not mind. I have a flight to catch, too, and I really appreciate this opportunity.

Senator CARPER. Where are you going?

Mr. MCCRORY. Back home to Charlotte.

I would like to say, I think a fair question was asked of the Administrator by the Chairman before you came regarding some of the statistical analysis.

I do think we need to look at, first of all, some of the more faster-growing cities and make sure that they are included in some of the numbers for the next 20 years, because comparing, say, a Phoenix with a Detroit and looking at the demographics of the two, I do not think is a fair comparison, just from a demographics and growth standpoint.

So, I think it is fair to analyze the statistics that you are looking at to see what the real growth patterns will be, especially as it relates to some of the newer sunbelt cities, but also some of the cities like Baltimore and others that are now again growing, especially outwardly, and dealing with some of those growth issues.

I think that was a fair question that you asked to make sure that we are getting analysis because I would see a higher number needed, and I think most of the mayors would, too.

Senator CARPER. Thanks.

Chairman SARBANES. Mayor, I think we should excuse you because I know you have a flight to catch. If there is any elected public official whose presence is close to indispensable on the scene, it is the mayor. So, we understand that. We very much appreciate your coming today.

Mr. MCCRORY. It was an honor to be here, sir.

Chairman SARBANES. Thank you.

Mr. MCCRORY. Thank you very much.

Senator CARPER. The four of you who are still here have an opportunity to answer a two-part question.

Mr. WINSTEAD. Senator, I think the DOT is going to have their needs assessment back out. I think the figure that I am aware of, and I am here representing the U.S. Chamber, is about a $60 billion annual need. And I know that between ASHTO and APTA, that there is a discrepancy. I think it is reflected pretty much in the difference between the dollars that the transit industry would like to see going into New Start programs, and the cost to maintain an existing highway system and bridges, which is substantial.

So, I think that is really what you are seeing in terms of the APTA that is the custodian of the metropolitan transit systems,

and ASHTO, that is multimodal, but still has a lot of focus on the highway elements and through the chief engineers. I think that is probably the difference.

Senator CARPER. Mr. Winstead, where do you live?

Mr. WINSTEAD. I am sorry. I live here in Maryland.

Senator CARPER. But where?

Mr. WINSTEAD. Chevy Chase.

Senator CARPER. Okay.

Mr. KIENITZ. My only comment would be, sir, that this being the Government, the decision about the level of investment rarely has to do with the level of the need.

So, although you may well be right that the level of the need is understated by virtue of what you might call a relatively low projection in how much transit use is going to grow over the next 20 years, perhaps you are a better judge than I about whether the level of need that is stated in the reports, regardless of what it is, is a determining factor in how much we then actually spend.

Senator CARPER. All right. Thanks.

Mr. Cox, where are you from?

Mr. COX. St. Louis area.

Senator CARPER. Do you want to take a shot at the questions I asked?

Mr. COX. Actually, I think that one has to be very careful as you look at projecting what is going to be the future in terms of transit ridership. We have heard a lot of discussion this morning before you came in about the large increases in industry-reported data from 1993, which happened to be pretty much the low point, the nadir, as it were.

Senator CARPER. Did you say nadir?

Mr. COX. Nadir, as in n-a-d-i-r, right, the low point.

What a lot of people do not tell you with respect to the big increases in transit, and as Roy has indicated, transit percentage-wise has increased faster than highways, for example, over the last 5 years. At the same time, highway use has increased 35 times the number of passenger miles that transit has increased.

We have a situation where in the early 1990's, transit was dropping very substantially. And so, if you look at the last 10 years, the overall annual increase in transit passenger miles, according to the APTA data, and the APTA data is a little more expansive than the FTA data, it is like 1.6 percent annually.

So when FTA says 1.6 percent annually, I think that is a fairly reasonable figure.

Senator CARPER. All right. Thank you.

Mr. Rodriguez.

Mr. RODRIGUEZ. Sure.

Senator CARPER. And where is your home?

Mr. RODRIGUEZ. I am actually based here in DC, but I am from Brooklyn, New York.

Senator CARPER. Okay.

Mr. RODRIGUEZ. I know transit.

Senator CARPER. So, you can answer the questions from a new perspective.

Mr. RODRIGUEZ. I know transit very well, yes.

I think it is fair to say that there is a balance, in determining need and the course of policy, between some of the transportation efficiency questions that were raised today, as well as the needs articulated by people in the communities themselves, and some of the social goods that transportation produces as well.

Hence, I do believe that some of the particular pieces where communities are able to engage and to participate in the process of planning, to articulate what their particular needs are and their will is very important to the process. And I hope that as we move forward in determining policy, that we continue to include those perspectives in the debate.

Senator CARPER. Well, good.

Anybody else? Any closing words?

Mr. WINSTEAD. Senator, your State and Maryland, which I was Secretary in Maryland for 4 years——

Senator CARPER. When were you Secretary?

Mr. WINSTEAD. From 1995 to 1999, in Maryland.

Senator CARPER. I bet you knew Ann Canby.

Mr. WINSTEAD. Excuse me?

Senator CARPER. I bet you knew Ann Canby, our Secretary of Transportation.

Mr. WINSTEAD. I knew Ann Canby very well. We had some meetings at Amtrak stations.

Senator CARPER. I think I recall one. We still have meetings at Amtrak stations, by the way.

Mr. WINSTEAD. I am sure you do.

[Laughter.]

Maryland and Delaware still have a huge split in transit. Right now, in Maryland, for example, and I am not sure of the figure in Delaware, for the first time in the history of Maryland's trust fund, which is State funding, it is now almost 50/50. And just 7 years ago, it was more like 60 highway and 40 transit.

Senator CARPER. And now it is 50/50.

Mr. WINSTEAD. It is almost 50/50 now, in terms of State dollars.

But I want to answer your question about APTA's call for money versus ASHTO's call for money. I think the reality is most States now, because of the economy, and even though interest rates are down and people are buying cars whenever they get zero APR, the reality is that the State coffers are very dry, as reflected with the Federal.

The concern that is being expressed—and I know that I can speak for this in Maryland—that on the highway portion, there is very little new money to be added to the highway capacity in the State of Maryland until reauthorization comes around, when you all deal with that.

A lot of the people, and again, the mobility factors, if you look at 90 percent or 96 percent, using highways on a 24-hour basis and 4 percent transit, whatever it is, it varies. But the dominance in terms of the automobile use, that the lack of those monies on the State side and the State coffers is putting a huge call through ASHTO for $40 billion or whatever their number is that they are trying to get reauthorization. So, I think that is why you are seeing that increased call.

Senator CARPER. Mr. Cox.

Mr. COX. Yes. One thing I forgot to mention in my statement.

I do believe it is important for this Congress to recognize at the moment that there are very significant funding imbalances in our urban areas.

Since 1980, we have seen spending on transit go up 40 times the rate per passenger mile that spending on highways has gone up.

All over the country, we have situations like in Atlanta, where over the next 25 years, 55 percent of the regional resource will be spent on transit to get the community from a market share per transit of 2.6 percent to 3.4 percent.

And I would suggest, Mr. Chairman, that there is a real need to reexamine our policies because the fact is, all of the MPO's in the country—Metropolitan Planning Organizations—anticipate that virtually all the new demand in this country is going to be for highways. That is, automobiles. Yet, we are spending it elsewhere. And in the long run, we are going to be much worse for it with respect to traffic congestion in our communities.

Senator CARPER. All right.

Well, let me give the benediction. Chairman Sarbanes has walked out of here and left the gavel to me. This does not happen every day. I am tempted to call up a couple of bills and get them to move through quickly.

[Laughter.]

But if I did that, it would be the last time he would leave the gavel to me.

[Laughter.]

I was over at the White House this morning and had an interesting conversation with the National Security Council Advisor and some others on the situation that we face in Iraq.

I am reminded that today, we will import, I have been told, as much as a million barrels of oil indirectly from Iraq, and that the country that some think we will be at war with within a matter of several months. I hope not, but it could be.

Over half the oil that we use in this country now comes, as you know, from places outside our borders, and a lot of it from places that the people who control it do not like us too much and do not always have our best interests at heart.

I would hope as we move forward from this discussion, that we continue to focus on not only how can we fund transit, but also how can we make it attractive so that instead of that being to move the needle from 2.6 percent to 3.4 percent, we are moving it a good deal higher.

I really do appreciate your being here. Thank you so much.

Mr. RODRIGUEZ. Thank you.

Mr. WINSTEAD. Thank you.

Mr. KIENITZ. Thank you.

Mr. COX. Thank you, Senator.

Senator CARPER. The hearing is adjourned.

[Whereupon, at 12:30 p.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR JON S. CORZINE

Thank you, Mr. Chairman, for holding this latest hearing on reauthorization of the Transportation Equity Act for the 21st Century—TEA–21, and I would like to join you in welcoming Administrator Dorn and the other witnesses.

Mr. Chairman, as the Banking Committee focuses on the state of the Nation's mass transit infrastructure, it is clear that the amount of funding Congress is providing for mass transit does not meet the demands that are being made. It is true that TEA–21 greatly increased the amount of funding available for mass transit. But the Department of Transportation shows us in its report on the status of the Nation's transit system that we need much more just to maintain transit at the level it is currently at.

As a Senator who represents a State with the third largest mass transit system in the country, I can attest to the need that is out there. New Jersey's transit system has been impacted by the events of September 11, as well as by the fact that it is home to many of the people who work in Philadelphia and New York and crowd road and rail every day. As a 25-year commuter to New York City myself, I can testify that things are getting worse and a dramatic increase in funding is necessary,

As I have testified to this Committee in the past, New Jersey is working hard to create mass transit opportunities to get more drivers off the road. Rail lines such as the Hudson-Bergen and Newark-Elizabeth Light Rail lines are being built to alleviate traffic congestion, as well as help revitalize New Jersey's urban areas. I will fight to secure sufficient Federal funding for these projects in the next TEA–21 legislation. I will also work hard to secure funding for an additional rail tunnel under the Hudson River.

Mr. Chairman, I look forward to working with you to develop legislation that will meet the needs of New Jersey and the other States in the Nation. Thank you for holding this hearing and I look forward to hearing from our witnesses.

PREPARED STATEMENT OF JENNIFER L. DORN

ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

OCTOBER 8, 2002

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on the conditions and performance of our Nation's transit infrastructure. As you may be aware, Federal Transit Administration Deputy Administrator, Robert Jamison, testified on this topic before the House Subcommittee on Highways and Transit on September 26, 2002. Like his statement, my testimony today draws upon the findings of the 2002 Conditions and Performance Report, which is in final clearance. A summary of the major findings of the report with respect to transit is attached to this statement.

I am pleased to report that record levels of investment in transit by Federal, State, and local governments have improved transit conditions and increased transit capacity and utilization in America. Between 1990 and 2000, total transit capital investment spending doubled, from $4.5 billion to $9.1 billion. The pace of growth in State and local spending increased the State and local share considerably, from 41.9 percent in 1990 to 52.8 percent in 2000.

These increased investments reflect growing recognition of the important benefits that public transportation provides to our communities and our Nation. Public transportation is an essential thread in the fabric of America, resulting in greater personal freedom, enhancing the economic vitality of our communities, and making our Nation safer and healthier.

Whether to reduce travel time, ease the stress of a daily commute, or contribute to a healthier environment, more and more Americans are choosing to ride transit. Public transportation provides people with mobility and access to employment, community resources, medical care, and recreational opportunities in communities across America. It benefits those who choose to ride, as well as those who have no other choice: Over 90 percent of public assistance recipients do not own a car and must rely on public transportation. Public transit provides a basic mobility service to these persons and to all others without access to a car. Greater accessibility to public transportation and the development of paratransit services has significantly increased mobility for people with disabilities.

The incorporation of public transportation options and considerations into broader economic and land-use planning also helps communities expand business opportunities, reduce sprawl, and create a sense of community through transit-oriented development. By creating a locus for public activities, such development contributes to a sense of community and can enhance neighborhood safety and security. For these reasons, areas with good public transit systems are economically thriving communities and offer location advantages to businesses and individuals choosing to work or live in them. And, in times of emergency, public transportation is critical to safe and efficient evacuation, providing the resiliency America needs in its emergency transportation network.

In addition, every trip on public transportation helps to reduce road congestion and automotive emissions, and contributes to meeting local air quality goals. Public transit agencies are also contributing to a cleaner environment by using clean natural gas and other alternatively fueled buses, and high occupancy transit vehicles that move more people at lower energy cost. The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and Transportation Equity Act for the 21st Century (TEA–21) have played an important role maintaining and improving the condition and performance of America's transit systems. This, in turn, has played an important role in attracting passengers to transit. Providing communities with the continued resources to make investments that will attract new riders and encourage even more regular ridership could help America achieve significant reductions in energy consumption and improve air quality without imposing new burdens on industry.

Finally, public transportation is an important component of our Nation's emergency response and evacuation plans in the event of natural disasters or terrorist incidents. Transit vehicles often serve not only as a means of moving people away from affected areas, but also as an important means to transport emergency workers to the site or as a temporary shelter for both workers and victims.

Mr. Chairman, we believe that giving State and local governments additional flexibility to choose the best means of dealing with local transportation problems from among the variety of potential solutions will help the Nation meet the growing demand for improved transportation.

The Conditions and Performance Report provides detailed statistical information. Rather than repeat that detail, I would like to provide an overview of the state of transit assets and operations, and then discuss some additional perspectives on the following two key issues: (1) Short-term investment needs, and (2) the implications of increased investments in transit.

Overview

Infrastructure and Ridership Growth

The growth in capital investment under ISTEA and TEA–21 has resulted in a significant expansion of the Nation's transit infrastructure, particularly rail. New and modernized transit vehicles and facilities have prompted dramatic increases in transit use, reflected in an increase in the number of passenger miles traveled, which grew by 12.2 percent between 1997 and 2000. Growth in ridership on rail grew at twice the rate of growth in nonrail transit ridership. At the same time, vehicle occupancy rates reached a new high in 2000 as a result of increased occupancy rates on rail vehicles. Vehicle occupancy rates for buses, on the other hand, have declined since the last report, suggesting that the public is looking for the higher quality and reliability that rail has been able to provide. FTA is encouraging local transit systems to consider the introduction of a variety of improvements to bus service that will begin to improve quality of this lower-cost transportation alternative, including exclusive bus lanes, traffic signal preference, and limited stops. While these features are common to some of the most successful bus rapid transit systems, they can often be effectively applied to regular bus service, as well, to improve ridership.

Vehicle and Facility Conditions

Increased capital investments have also reversed the decline in the physical condition of transit vehicles and slowed the deterioration of bus and rail facilities. Vehicle conditions remained relatively constant between 1997 and 2000, indicating that recent investments were sufficient to maintain conditions. Changes in the condition of various types of rail and bus facilities have varied. Station conditions, for example, have improved significantly, and track conditions have remained constant. The condition of power systems and structures has improved somewhat, but it is estimated that 20 percent of such structures are in substandard conditions. Yard facility conditions, which have been impacted by increases in the size of transit fleets, have declined slightly, but all remain in adequate or better condition.

Estimated Long-Term Investment Requirements

The Cost to Maintain Transit is estimated at $14.84 billion per year. This represents the estimated average annual capital cost for the 20-year period from 2001 to 2021 to maintain transit conditions and performance expressed in year 2000 dollars from all sources—Federal, State, and local governments. This investment would allow transit to keep conditions and service quality at current levels, while growing ridership at the modest 1.6 percent per year average rate included in Metropolitan Planning Organizations' long-range plans. The Cost to Improve Transit is estimated at $20.62 billion per year. This figure represents the estimated average annual capital cost to raise conditions and performance to "good," again expressed in year 2000 dollars.

Short-Term Investment Needs

The Conditions and Performance Report makes long-term projections of investment needs and reports a single "average annual" investment requirement for the entire 20-year period. Due to a variety of factors, including the fact that the amount of transit infrastructure to be maintained will grow as new investments are made, the estimated investment needs in the near-term are, as one would expect, measurably lower than the projected investment needs in the out-years.

As shown in Table 1, below, estimated expenditures are projected to be sufficient to not only maintain conditions and performance through 2003, but also to begin to tackle the backlog of investment needs,[1] and improve transit conditions and performance, as well. The model projects that, in 2004, $12.1 billion in capital expenditures would maintain current conditions and performance, and $20 billion would be needed to improve transit conditions and performance to "good."

Table 1
Short-Term Projections of Cost to Maintain and Improve Transit Conditions and Performance

(in billions of year of expenditure dollars)

Year	Projected Available Capital Funding*	Estimated Cost to Maintain Conditions and Performance	Estimated Cost to Improve Conditions and Performance
2001	$13.3	$9.3	$14.9
2002	$14.1	$8.8	$14.5
2003	$15.0	$12.1	$16.3
2004	n.a.	$12.2	$20.0

*Assumes Federal funding levels in the President's Proposed Budget for Fiscal Year 2003.

Implications of Increasing Investment in Transit

In 2000, Federal funds accounted for 17 percent of all (capital and operating) transit funding. State and local funds represented 51 percent of transit funding, and system-generated revenue accounted for 32 percent of funding.

Between 1990 and 2000, total transit capital investment spending doubled, from $4.5 billion to $9.1 billion. While Federal investment in transit capital increased by an impressive 62 percent between 1990 and 2000, local spending increased even more dramatically, more than tripling over the decade to $3.8 billion in 2000. By 2000, combined State and local funding capital investments in transit represented over half of the Nation's total capital spending on transit. The growth in local capital investment is particularly impressive in light of the fact that beginning in 1998, Federal formula funds could not be used for operating expenses in areas with populations over 200,000.

The dramatic increase investment signals a significant shift in America's perception of the value of investing in transit. Communities throughout America recognize that their investment in transit is more than paid back through economic growth, increased mobility, and an enhanced quality of life.

As you know, one important source of funds for new transit capital investment projects is the Section 5309 "New Starts" program. In 2000, $0.98 billion was invested by the Federal Government through this program. In 2003, the President has proposed spending $1.21 billion on New Starts. The President has also proposed a 50 percent cap on the Federal match for such projects. This proposal reflects not only the willingness of communities to share equally in transit investments, but also

[1] Like the average annual investment requirement, these figures assume a 20-year schedule for reducing current backlog of investment needs.

the hard reality that more and more communities will be seeking such funds in the future. We believe that this proposal will not only permit scarce Federal resources to help more communities, but will also recognize and reward communities that embrace transit as a vital part of their community.

Conclusion

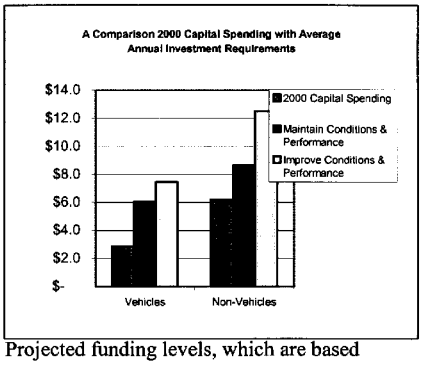
Mr. Chairman, I am pleased to report that America's investment in public transportation is reaping substantial benefits and we continue to make progress in the conditions and performance of our transit assets.

Comparison of Spending and Investment Requirements: Transit

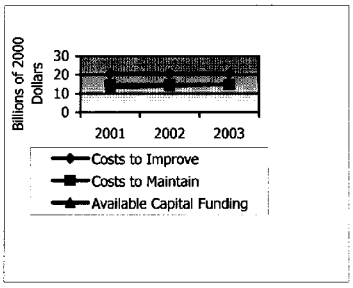
Transit capital expenditures from Federal, State, and local governments totaled $9.1 billion in 2000, below the estimated annual investment requirements for the 20-year period from 2001-2020. The annual capital investment necessary to Maintain Conditions and Performance is estimated to be $14.8 billion, 64 percent above actual spending in 2000. The investment required to Improve Conditions and Performance is estimated to be $20.6 billion, 128 percent above actual 2000 capital spending.

These comparisons, however, overestimate the gap between capital investment requirements and future funding for transit capital investment. This overestimation results from the lags that occur between the authorization of capital funds, their obligation and actual capital spending. Since TEA-21, annual obligations by FTA for capital investment have grown rapidly to $7.2 billion in FY 2000 from $4.1 billion in FY 1998, an increase of 76 percent. These higher levels have not yet worked their way through the process into capital spending. As these higher levels of authorized funds are obligated and spent, capital investment will rise and the gap between actual capital spending and estimated annual capital investment requirements will decrease.

To Maintain Conditions and Performance investment in transit vehicles would need to be 117 percent above the $2.8 billion and non-vehicle investment 40 percent above the $6.2 billion spent in 2000. To Improve Conditions and Performance investment in vehicles would be 184 percent and investment in non-vehicles 101 percent above the 2000 amounts.



Projected funding levels, which are based on TEA-21 authorizations, flexible funding estimates and allocations from State and local governments are considerably closer to estimated investment requirements than current capital spending with the gap declining over the duration of the TEA-21 period. By 2003, investment requirements to Maintain Conditions and Performance are estimated to exceed estimated available funding levels by 10 percent, and those to Improve Conditions and Performance by 52 percent.



System and Use Characteristics: Transit

Transit system coverage, capacity, and use in the United States increased during the 1990s.

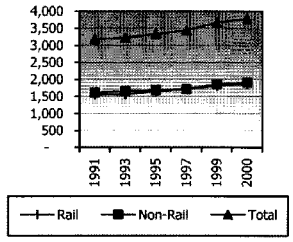
The ownership and operation of public transportation services in the United States was transferred from private companies to publicly-owned and operated entities with the passage of the Urban Mass Transportation Act of 1964. Since that time, metropolitan planning agencies have taken on more responsibility for public transportation policy.

In 2000, public transportation agencies in urban areas operated 106,395 vehicles, of which 82,545 were in areas of more than 1 million people. Rail systems covered 10,572 miles of track with 2,825 stations. Rail and non-rail public transportation systems combined operated 1,269 vehicle maintenance facilities. In addition, an estimated 19,185 public transportation vehicles operated in rural areas and 28,664 special service vehicles serving the disabled and elderly were operated by agencies receiving Federal Transit Administration (FTA) funds.

Public transportation systems operated 9,221 route miles of rail service in 2000, an absolute increase of 31.7 percent since 1991. Non-rail route miles were 163,303 in 2000, an increase of 9.4 percent over the same time period.

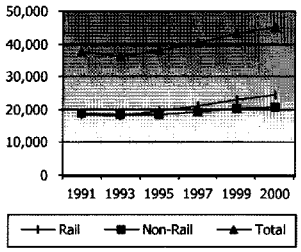
Public transportation system capacity as measured in vehicle revenue miles, and adjusted for vehicle capacity, increased by 18.7 percent from 1991 to 2000. Rail capacity increased 19.7 percent, and non-rail capacity by 17.7 percent. Capacity for rail and non-rail in 2000 was almost identical, approximately 1.9 billion capacity equivalent miles each, for a total of 3.8 billion.

Public Transportation Capacity, 1991-2000 (millions of capacity equivalent miles)



Transit passenger miles increased by 24.5 percent between 1993 and 2000, from 36.2 billion to 45.1 billion. Growth in passenger miles was most pronounced for rail transit modes, increasing 37.7 percent, from 17.9 billion in 1993 to 24.6 billion in 2000.

Urban Passenger Transit Miles (millions)



Source: National Transit Database

Public transportation vehicle occupancy remained relatively stable between 1993 and 2000, at an average of between 11 to 12 passengers per vehicle, adjusted for capacity. Vehicle occupancy increased for rail vehicles from 11.4 to 13.2 passengers and decreased for non-rail vehicles from 11.1 to 10.8 passengers.

System Conditions: Transit

U.S. transit system conditions are determined by the aggregate number and type of transit vehicles in service, their average age and condition, the physical conditions and ages of bus and rail maintenance facilities, and the conditions of transit rail infrastructure components such as track, power systems, stations, and structures.

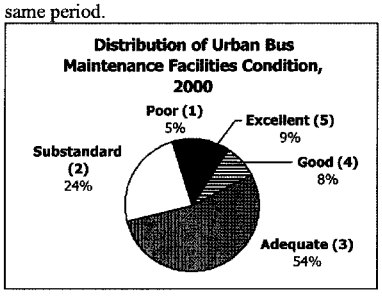
The Federal Transit Administration has undertaken extensive engineering surveys and collected a considerable amount of data on the U.S. transit infrastructure to evaluate transit asset conditions. A rating system of 1 to 5 is used to describe asset conditions.

Condition of Urban Rail Maintenance Facilities

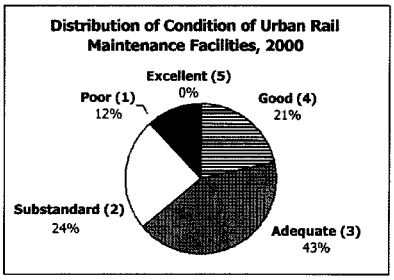
	2000	
CONDITION OF URBAN RAIL	NUMBER	PERCENT
Excellent (5)	0	0%
Good (4)	32	21%
Adequate (3)	64	43%
Substandard (2)	36	24%
Poor (1)	18	12%
Total	**150**	**100%**

Source: National Rail Condition Assessment, 2000-2001

In 2000, the average condition of urban bus vehicles was 3.07, compared with 2.96 in 1997. The percentage of bus maintenance facilities in adequate or better condition decreased from 77 to 71 percent during this same period.



The average condition of rail vehicles declined gradually throughout the 1990s. In 2000, all rail vehicles were estimated to have an average condition level of 3.55, down marginally from a re-estimated condition level of 3.61 in 1997. The average conditions of rail vehicles and rail facilities, except those for commuter rail, have been re-estimated to be lower than was reported in the last edition of this report based on additional information collected by engineering surveys between 1999-2001. This does not reflect a true decline in condition in earlier years for which the condition levels have also been revised. Urban rail maintenance facilities continue to age and their condition continues to decline. In 2000, 64 percent of all urban rail maintenance facilities were in good or better condition compared with 77 percent in the 1997. Note that about 75 percent of this decline was due to methodological revisions.



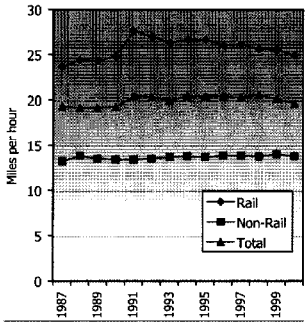
The average condition of the remaining non-vehicle transit infrastructure in 2000 is estimated to be similar to the one which existed in 1997, as reported in the 1999 C&P Report.

Operational Performance: Transit

Average bus speed has remained relatively constant over the past decade, while rail speeds have declined very slightly from their peak in 1991, reflecting growth in the utilization of systems with heavy use and slower speeds.

Travel Speed: The average operating speed of all transit modes in 2000 was 19.6 miles per hour, down from 20.3 in 1997. The average speed for rail modes was 24.9 miles per hour, and the average of non-rail modes, 13.7 miles per hour compared with 26.1 and 13.8, respectively, in 1997.

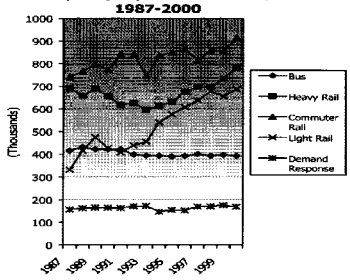
Transit Operating Speeds, 1987-2000



Vehicle Utilization Passenger Miles per Capacity-Equivalent Vehicle

MODE	UTILIZATION	
	1997	2000
Heavy Rail	697	784
Commuter Rail	815	914
Light Rail	638	688
Bus	401	393
Demand Response	170	169

Vehicle Utilization Passenger Miles per Capacity-Equivalent Vehicle, 1987-2000



Vehicle Utilization: Vehicle utilization is measured as passenger miles per vehicle adjusted to reflect differences in the capacities of each type of vehicle. On average, rail vehicles operate at a higher utilization level than non-rail vehicles. Between 1997 and 2000 vehicle utilization for rail vehicles increased while decreasing for bus and demand response vehicles.

Frequency and Reliability of Service: Waiting times vary according to the type of passenger making the trip. Passengers with limited incomes and without access to a private vehicle have the longest average waiting time (12.1 minutes); passengers with above-poverty incomes without access to a private vehicle have a slightly lower average waiting time (8.9 minutes); and those with access to a vehicle, but who choose to use transit (often to avoid road congestion), have the lowest average waiting time (7.3 minutes).

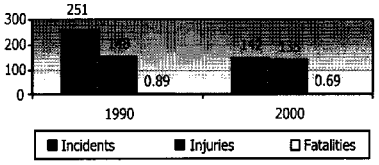
Seating Conditions: Seating conditions, measured by the percentage of passengers who find a seat unavailable upon boarding, are slightly worse for those with lower incomes and without access to a car.

Safety Performance: Transit

Public transit in the United States has been and continues to be a highly safe mode of transportation as evidenced by the decrease in incidents, injuries, and fatalities reported by transit service providers for the vehicles they operate directly. (They exclude occurrences on contracted transportation).

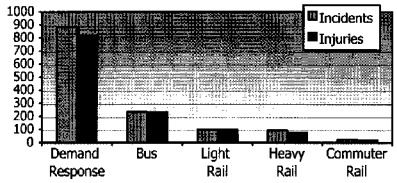
Reportable transit safety incidents include collisions and any other type of occurrence (e.g., derailment) that result in injury or death, or fire or property damage in excess of $1,000. Injuries and fatalities include those suffered by riders as well as by pedestrians, bicyclists, and people in other vehicles. Injuries and fatalities may occur either while traveling or while boarding, alighting, or waiting a for a transit vehicle.

Incidents, Injuries and Fatalities per 100 PMT, 1990 and 2000



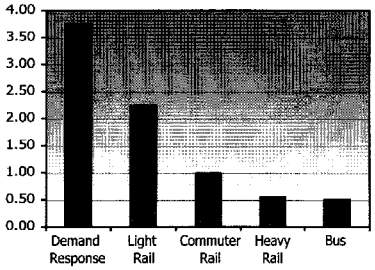
In absolute terms, incidents were 36 percent lower in 2000 than in 1990, injuries 7 percent higher, and fatalities 11 percent lower. When adjusted for changes in the level of transit usage, incidents per 100 million passenger miles traveled (PMT) fell from 251 in 1990 to 142 in 2000—a decrease of 45 percent. Injuries per 100 million PMT fell from 148 to 135, a decrease of 9 percent; and fatalities declined from .89 to .69, a decrease of 25 percent. Transit vehicles that travel by road have higher incident and injury rates than those that travel on fixed guideways. Incident and injury rates have consistently been the highest for demand response vehicles with widely fluctuating fatality rates often well above those for other types of transit services. Buses, likewise, have consistently had incident and injury rates above rail transit modes, but unlike demand response vehicles, buses rank among the lowest in fatality rates. Commuter rail, by contrast, has had the lowest incident and injury rates.

Incidents and Injuries per 100 Million PMT, 2000



Fatality rates for light rail have, on average, been higher and shown considerably more year-to-year variation over the past decade than commuter and heavy rail.

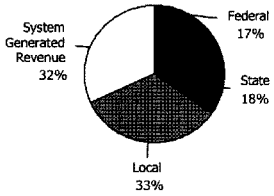
Fatalities per 100 Million PMT, 2000



Finance: Transit

In 2000, $30.8 billion was available from all sources to finance public transportation investment and operations. Public transportation funding comes from: ***public funds,*** allocated by Federal, State, and local governments; and ***system generated revenues*** earned [by transit agencies] from the provision of transit services. **In 2000, Federal funds accounted for 17 percent of all public transportation revenue sources, State funds for 18 percent, local funds for 33 percent, and system generated funds for 32 percent.**

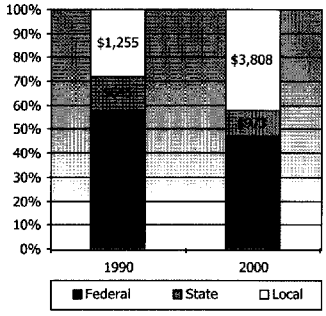
Transit System Revenue Sources



Eighty percent of Federal funds for public transportation are from a dedicated portion of the Federal motor fuel tax and 20 from general revenues. Federal funding for public transportation in constant 2000 dollars increased by 12.3 percent between 1999 and 2000, compared with a 2.4 percent increase between 1998 and 1999.

In 2000, total capital expenditures on public transportation were $9.1 billion dollars. Federal capital assistance was $4.2 billion dollars, accounting for 47 percent of this amount. Between 1990 and 2000, Federal funding for capital investment grew at an average annual rate of 4 percent, while funding from State and local governments grew at a 9 percent average annual rate. State and local funding now accounts for a higher percentage of total capital investment expenditures.

Composition of Transit Capital Investment Funding, 1990 and 2000



In 2000, 58 percent of capital spending was for facilities, 31 percent for rolling stock, and 11 percent for other capital, an almost identical allocation as in 1997.

Operating expenses for transit totaled $20.0 billion in 2000. As in 1997, about 50 percent of operating expenses was for vehicle operations, 30 percent for vehicle and non-vehicle maintenance, and 20 percent for administrative expenses and purchased transportation. Bus operations accounted for 55 percent of operating expenditures in 2000 ($11.0 billion), heavy rail operations for 20 percent ($3.9 billion), and commuter rail for 13 percent ($2.7 billion). From 1997 to 2000, operating expenses for demand response vehicles increased by 21 percent, for light rail by 26 percent, for bus operations by 13 percent, for commuter rail by 18 percent and for heavy rail by 13 percent.

Capital Investment Requirements: Transit

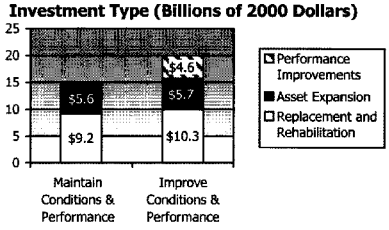
Estimated transit capital investment requirements have increased substantially since the 1999 Report. These requirements are estimated for the period 2001-2020 for four scenarios. The Maintain Conditions scenario projects the level of transit capital investment necessary to maintain average asset conditions over this 20-year period, and the Improve Conditions scenario projects the investment necessary to raise the average condition of each major asset type to at least a level of "good." The Maintain Performance scenario assumes investment in new capacity to maintain current vehicle occupancy levels as transit passenger travel increases and the Improve Performance scenario assumes that additional investment will be undertaken to increase average vehicle speeds and reducing average vehicle occupancy rates.

Summary of Transit Average Annual Investment Requirements 2001-2020 (Billions of 2000 Dollars)

Average Annual Cost	Conditions	Performance
	Maintain	Maintain $14.8
	Improve	Maintain

Average annual investment requirements are estimated to be $14.8 billion to Maintain Conditions and Performance ($10.8 billion in 1997) and $20.6 billion to Improve Conditions and Performance ($16.0 billion in 1997). Under the Maintain scenario, $9.2 billion annually would be needed for asset rehabilitation and replacement and $5.6 billion for asset expansion. Under the Improve scenario, $10.3 billion would be needed annually for replacement and rehabilitation, $5.7 billion for asset expansion, and $4.6 billion for performance improvements.

Annual Cost to Maintain and Improve Conditions and Performance by Investment Type (Billions of 2000 Dollars)

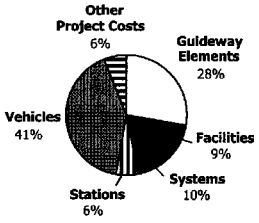


Vehicles, i.e., rolling stock, account for the largest percentage of investment requirements, followed by guideway elements—tracks, tunnels and bridges.

Average Annual Transit Investment Requirements by Asset Type to Maintain Conditions and Performance

Guideway Elements	$ 4.1
Facilities	$ 1.4
Systems	$ 1.4
Stations	$ 0.9
Vehicles	$ 6.0
Other Project Costs	$ 0.9

Distribution of Costs by Asset Type to Maintain Conditions and Performance



CHAPTER 9 EXECUTIVE SUMMARY

Impacts of Investment: Transit

The Transit Economic Requirements Model (TERM) does not estimate the impact of capital investment in transit infrastructure based on the demand for transit services. Rather, assumed growth in passenger miles traveled (PMT) is the driving factor in estimating transit investment needs. For this reason, it is impossible to determine how achieving the required investment levels would affect transit ridership, user costs, and the potential for additional capital investment. There is evidence, however, to suggest that investments in transit infrastructure in areas with latent transit demand will increase ridership.

Historically and since 1993, actual investment in transit capital infrastructure has been less than estimated investment requirements to Maintain Conditions and Performance.

Changes in Condition and Age

As indicated in Chapter 3, **the average condition of bus vehicles has been relatively constant over the last 13 years, with a very slight improvement in 1993. The average condition of rail vehicles**, on the other hand**, appears to be gradually declining—from 3.91 in 1987 to 3.55 in 2000**. The average age of bus vehicles, including vans, gradually declined during the early nineties but has remained relatively constant (at about 7 years) since 1996. The average age of the rail fleet has increased from 15.6 years in 1987 to 20.4 years in 1997, and 21.8 years in 2000. As fleet size has increased since 1987, the absolute number of overage vehicles—both bus and rail—has also increased. In 2000, there were 16,000 overage buses, 44 percent more than in 1987, and 6,770 overage rail vehicles, 138 percent more than in 1987. Although the conditions of non-vehicle infrastructure appear to have improved since 1997, a significant percentage of these assets are in less than adequate condition.

Changes in Performance

In 2000, the average rail speed was 24.9 miles per hour, its lowest rate since 1990, and rail vehicle utilization rates reached new highs in 2000, well above the utilization rates that existed in the early 1990s. This reflects increased usage in the larger, older systems, which tend to have slower speeds.

Historical Capital Investment and Conditions and Performance

Capital spending levels have been approximately equal to or slightly higher than the pure replacement and rehabilitation levels necessary to Maintain Conditions. However, about half of current capital spending appears to have been allocated to rehabilitation and replacement, with the remainder going to asset expansion. Although past spending levels appear to have Maintained Conditions for buses and to have almost Maintained Conditions for rail vehicles, the absolute number of overage bus and rail vehicles has increased. During the past few years, funding levels have been sufficient to Maintain Performance for bus modes of public transport, but the performance of rail modes has declined slightly.

Sensitivity Analysis: Transit

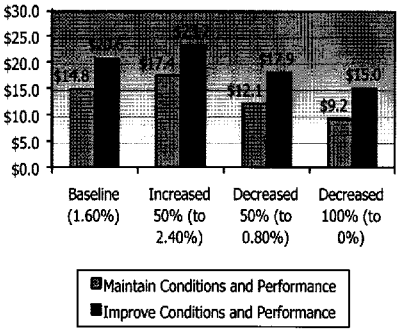
This chapter examines the sensitivity of projected transit investment requirements to variations in the values of the following exogenously determined model inputs: passenger miles traveled (PMT), capital costs, and the value of time. These alternative projections illustrate how transit requirements will vary according to different assumptions on these input values.

Sensitivity to Changes in PMT

The Transit Economic Requirements Model (TERM) relies heavily on forecasts of PMT in large urbanized areas. These forecasts are primary factors behind TERM estimates of the investment necessary to expand the Nation's transit infrastructure to maintain and improve performance. Transit PMT forecasts are generally made by MPOs along with projections of vehicle miles traveled (VMT) for the regional transportation planning process and implicitly incorporate assumptions about the relative growth of transit and automobile travel. **The average annual growth rate in PMT of 1.6 percent used in this report is a weighted average of the most recent (primarily 2001) MPO forecasts available from 33 metropolitan areas.** (PMT increased at an average annual rate of 3.2 percent between 1993 and 2000.)

Varying the assumed rate of growth in PMT significantly affects estimated transit investment requirements. This effect is more pronounced under the Maintain Conditions and Performance scenario, as PMT growth rates influence asset expansion costs, which comprise a larger portion of total estimated Maintain Conditions and Performance needs. **A 50 percent increase/decrease in growth will increase/decrease the cost to Maintain Conditions by 18 to 19 percent and the cost to Improve Conditions and Performance by 13 to 14 percent.** Needs decrease significantly if PMT remains constant.

The Effect of Variations in PMT Growth on Transit Investment Requirements (Billions of Dollars)



Sensitivity to a 25 Percent Increase in Capital Costs

A 25 percent increase in costs increases the amount necessary to Maintain Conditions and Performance and to Improve Conditions and Performance by close to the full 25 percent. Total benefits continue to exceed total costs for most investments even this 25 percent increase.

Sensitivity to a Change in the Value of Time

The value of time is used to estimate the total benefits to transit users from transit investments that reduce passenger travel time. Variations in the value of time were found to have a limited effect on investment.

PREPARED STATEMENT OF PATRICK L. McCRORY

MAYOR, CHARLOTTE, NORTH CAROLINA

OCTOBER 8, 2002

Introduction

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify before you today.

As a Mayor of a major city I want you to know that I support growing and predictable Federal financial support for public transportation. Investing in public transportation helps our cities and towns meet the mobility needs of all our citizens. This in turn helps us to improve the quality of life and sustain economic growth and development in our communities. We need the Federal Government to continue to be our partner in providing people with safe, reliable, and convenient mobility options that are integrated with our local efforts to manage the use of our land and improve our communities.

To help you understand the importance of Federal support for public transportation, I would like to describe to you in the time available to me how we in Charlotte are seeking to use public transit to grow our community smarter.

The Charlotte Approach: Integrating Transit and Land Use

As background, Charlotte was the second fastest growing city in the Country during the 1990's when our population grew by 36 percent to 541,000 residents. At the same time, the vehicle miles traveled (VMT) in our community grew over 40 percent. This growth has created traffic congestion and air quality problems that threaten our quality of life and our ability to sustain economic growth in the future.

The disparity between the growth in VMT and population occurred because during much of the 1990's Charlotte growth continued to follow the conventional suburban form with low density, widely separated land uses and street designs that force people to drive their cars everywhere on increasingly longer trips. This form of land development is the same one that has plagued other fast growing cities, as well as many of our Country's older cities. By the mid-1990's, we in Charlotte recognized that if we wanted to protect our excellent quality of life while sustaining our growth we needed to do things differently.

As a result, in 1994 local governments, working with business and community leadership, adopted our Centers and Corridors land-use Vision. This vision calls for concentrating the majority of future development in five travel corridors and a dozen or so major activity centers around Mecklenburg County. It also calls for creating higher density, mixed use and pedestrian-friendly development in these areas. The vision recognized the need to develop a comprehensive public transit system, including rapid transit in the five corridors, to support this change in land development.

Over the next several years, private and public interests worked together to agree on a strategy for developing the transit system and creating more transit oriented development. This cooperative effort resulted in the preparation of our 2025 Integrated Transit/land-use Plan in 1998. With this Plan, we went to the voters with a half cent sales tax initiative to help build and operate a regional public transportation system. In November 1998, on our first try, voters approved the sales tax by a 58 percent to 42 percent margin, which gives you some idea of the priority that local residents placed on the need to invest in an alternative to driving.

Since 1998, we have taken a number of steps to implement the 2025 Plan including the following:

- Using a combination of Federal, State, and local funds from the sales tax, we have expanded and improved our existing bus system. As a result, over the last 4 years ridership on our bus system has increased by 23 percent, including a 5 percent increase over the last 12 months in a soft economy.
- We have now completed Major Investment Studies in all five transit corridors. The studies resulted in the selection of light rail in our South Corridor for our first project and recommendations for a mix of bus rapid transit, light rail, and commuter rail services in the remaining four corridors.
- We have also undertaken a number of steps to accomplish the land-use component of our 2025 Plan including:
  - the adoption of Transit Station Development Principles and joint development guidelines to guide station area planning and design;
  - the adoption of a Pedestrian Overlay District and an Interim Transit Zoning Overlay for stations on the South Corridor Project; and
  - the preparation of Station Area Plans including City-funded infrastructure improvements for the South Corridor Project.

Each of our Major Investment Studies has included a component on the land-use strategy for the corridor which has been used in the evaluation of transit investment alternatives. Our South Corridor Light Rail Project received a "Highly Recommended" rating from the FTA last Spring in part because of the coordination of land use with the Project's development.

Our recommended System Plan, if adopted and fully implemented, would result in a 2025 transit system with:

- 23 miles of BRT busways
- 21 miles of light rail service
- 11 miles of streetcar service
- 29 miles of commuter rail service
- 60–70 stations with transit oriented development opportunities
- 520-bus fleet to support rapid transit and serve other areas of the community.

The estimated capital cost for our System Plan is $2.9 billion in escalated dollars of which $1.99 billion would be for rapid transit development. In our financial planning, we have assumed 50 percent Federal funding for our rapid transit projects and 80 percent Federal funding for formula and other grants. As a result, our need for Federal funding support to achieve our plans over the next 20 plus years is: Nine hundred ninety million dollars in New Starts funding and $643 million in formula grant funding for a total of $1.633 billion or 56 percent of the total estimated cost.

This Federal funding will be matched by $766 million from the State of North Carolina (26 percent) and $583 million in local funding (18 percent). Therefore, the vast majority of our local sales tax will go toward subsidizing the operation of the transit system.

We are not seeking to build the public transit system I have described as an end to itself. Rather, our efforts to develop this system is to support a fundamental change in how our community will grow in the years ahead and to provide our citizens with a real choice in how to get around. By doing this, we will:

- cut down on the rate of growth in vehicle miles traveled which will help us deal with our air quality problems and reduce our local dependency on fossil fuels and imported oil;
- provide all of our citizens with access to jobs, educational opportunity, and the other things one needs to lead a quality life; and
- allow our community to sustain its growth and economic development by protecting our tax base and the investments we have made in schools, public facilities, utilities, and other urban infrastructure.

Without the level of Federal funding I outlined, we will not be able to make our plans for transit and land use a reality and therefore will not be successful in achieving our quality of life and economic development goals. We will also not be able to contribute to national policy goals like cleaner air; conserving energy resources and reducing dependency on foreign oil; access to educational and economic opportunity; and national security. So in addition to the availability of Federal funding, we also need Federal funds to be predictable to help us develop multiyear capital investment plans and to take advantage of opportunities to leverage private financing.

Accordingly, and in conclusion, as you approach reauthorization of the Federal surface transportation program in the year ahead I urge you to grow the size of the Federal transit program and to maintain the funding guarantees established under the current law (TEA–21).

Thank you again for the opportunity to appear before you today.

PREPARED STATEMENT OF ERIC RODRIGUEZ

DIRECTOR, ECONOMIC MOBILITY INITIATIVE, NATIONAL COUNCIL OF LA RAZA

OCTOBER 8, 2002

Introduction

Mr. Chairman and Members of the Committee, thank you very much for inviting me to appear today on behalf of the National Council of La Raza (NCLR), the largest national Latino research and advocacy organization. NCLR works to improve life opportunities for this Nation's more than 35 million Hispanics through our network of nearly 300 local community-based organizations and 33,000 individual associate members. NCLR has worked since its inception in 1968 to reduce poverty and improve the economic security of Latino families.

Despite having the highest rate of labor force participation, Latinos are three times more likely than other Americans to be working full-time, year-round, but still poor. Working poor Latino families nationwide rely heavily on public transportation to get to work, access needed public services, take their children to see doctors, and obtain better employment or housing options. In this sense, transportation issues, though often overlooked by the broader Latino community, are central to the economic security and well-being of Latino workers and their families. In light of this, I appreciate this opportunity to present testimony on the transit needs of Latinos.

Background

Between 1990 and 2000, the U.S. Latino population grew by 58 percent and is now 12.5 percent of the U.S. population. The growth of the Nation's Latino community is also reflected in growing economic, labor market, and political influences. The purchasing power of Latinos now stands at over $580 billion, Latinos—especially immigrants—constitute a substantial share of entrants into new jobs, and new surveys show that Latinos make up a sizable share of new voters.[1]

Furthermore, Latinos are now more geographically dispersed than ever before. The high population growth nationwide is explained, in part, by greater than 300 percent growth in the Hispanic population between 1990 and 2000 in States such as North Carolina, Georgia, and Arkansas.

Hispanics are becoming a more integral part of the fabric of America's cities and States. However, in spite of a growing presence and strong work ethic, Hispanics continue to face social and economic difficulties. During this period of economic recession, the prosperity of the past several years has stagnated and the outlook for Latinos is particularly challenging. For instance, data from the U.S. Census Bureau reveal that 21.4 percent of the Nation's Latino population were poor in 2001, nearly twice the national average of 11.7 percent. The unemployment rate for Hispanics has remained near 7.5 percent since January 2002, while the national unemployment rate was 5.6 percent in September 2002. Furthermore, Latino families composed 25.0 percent of the total TANF caseload in 2000, up from 20.8 percent in 1996. Governmental systems and structures designed to address the challenges facing American workers and their families must weigh more heavily the influence of the burgeoning Hispanic community.

The Nation's safety-net systems, including TANF and Food Stamps, are making modest but significant adjustments that ensure that poor Latino and immigrant families do not continue to slip through the cracks. Other major systems, especially transportation, must also begin to acknowledge the changing demographics in the States and cities, and take steps to ensure that infrastructures are responsive to the new environment.

Several transportation issues are particularly relevant for Latinos. First, public transportation is a key means of gaining access to jobs for Latinos. Hispanics are overwhelmingly concentrated in metropolitan areas (91.3 percent) with 45.6 percent of Latinos concentrated in the central city of metropolitan areas. Meanwhile, the poverty rate for Latinos in the central cities was 23.9 percent—higher than the overall poverty rate for Latinos (21.4 percent). In addition, not surprisingly, the most recent available data revealed that, in 1992, nearly one in five (18 percent) transit riders was Latino, a share that has undoubtedly grown in recent years due to the growth of the population and increase in the trend of States denying driver's licenses to immigrants. Not only is public transportation an important means of getting to work for Latinos, it is also needed for families to seek and obtain improved housing, as well as those wishing to access important public services, especially health and nutritional services for their children. Clearly, there are high levels of need for, as well as significant use of, public transportation by Latinos.

Second, in light of the growing share of the nationwide TANF caseload consisting of Latino families, welfare to work transportation issues are especially relevant for Latinos. Numerous studies have documented the significant barrier that transportation poses to parents struggling to move from welfare to work.[2] Recent studies point to the fact that nearly all (94 percent) TANF recipients rely on public trans-

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[1] *Mobilizing the Latino Vote: Tapping the Power of the Hispanic Electorate.* Washington, DC: National Council of La Raza, July 2002.

[2] For additional information regarding the impact of transportation barriers on successful exit from TANF, see the Welfare Information Network's transportation resource page at: *http://www.welfareinfo.org/transport.asp*, October 2002.

portation.[3] Access to dependable and reliable transportation that brings poor Hispanic women to training and job opportunities is a critical need.

Third, while Latinos are more likely to be found in metropolitan areas, many Latinos, particularly those in "emerging" communities across the Nation, are in rural areas where the transportation needs are severe. Only 60 percent of rural communities have public transportation.[4] Moreover, research by NCLR has shown that transportation difficulties are a particular barrier for TANF recipients, and other low-income workers, in semirural and rural areas of Puerto Rico, where reliable public transportation is not available after 2 p.m. or even earlier, and the nearest area to board transport is often a long distance from homes.[5]

Fourth, limited opportunity for Latino communities to contribute to the transportation planning process has allowed many projects to disrupt low-income, minority communities, while not benefiting those communities with economic development.

Finally, there are a host of transportation-related issues with respect to maintaining healthy and environmentally safe communities and ensuring appropriate and useful public education in key transportation issues. For example, the California counties of King, Fresno, San Francisco, Riverside, Imperial, San Bernardino, and Los Angeles have hospitalization rates for Latinos that meet or exceed the State rate for hospitalizations for asthma for all populations. Within these seven counties are four of America's five most ozone-polluted cities. The high number of Latinos with asthma is a direct result of living in environmentally unsafe communities that have consistent poor air quality attributable, in no small part, to transportation policy decisions.[6]

In addition, motor vehicle crashes are the leading cause of death for Hispanics through the age of 25 and the second-leading cause of death for Hispanics between the ages of 25 and 44. This mortality rate is due in part to a lack of proper driver's training and awareness about the use of seat belts.[7] Proper and adequate involvement by Latinos in public education efforts on major transportation issues could address this issue.

Latino Priorities

The condition and performance of our Nation's transportation infrastructure has real implications for all families. Whether to reduce pollution, ease the gridlock for rush-hour traffic, or enhance the economic vitality of our communities, transit must be well planned and implemented. To ensure that the Nation's Latino families benefit equally from transportation policies, Hispanic communities must have meaningful access to all processes that impact transit.

The following priorities highlight the key transportation policy issue areas for Latinos.

- *Improve the flow of information on important transportation policy issues and questions to Latinos.* Important information on transportation matters must be conveyed and delivered in an appropriate format for those with language barriers. The most recent data from the Census Bureau estimate that 46.6 percent of the nearly 27 million people who speak Spanish at home speak English less than very well. The importance of the effect of language barriers on access to transportation cannot be underestimated since transportation is essential to participation in modern society. Fortunately, the Department of Transportation has taken a very important step toward overcoming language barriers by publishing guidance on special language service to those with limited English proficiency. This document outlines several important ways of providing language services, such as translation and interpretation services, and pictorial signage rather than traditional text to alert of driving conditions. While the LEP guidance is integral to beginning to ensure meaningful access to transportation programs and activities, additional assistance should be provided to ensure that transit authorities reach out to communities with concentrations of Spanish-speakers and provide them with free language services.

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[3] Resources, Community, and Economic Development Division, *Welfare Reform: Transportation's Role in Moving From Welfare to Work.* Washington, DC: U.S. General Accounting Office, May 1998.

[4] *Status of Rural Public Transportation—2000.* Washington, DC: Community Transportation Association of America, April 2001.

[5] Boujouen Ramírez, Norma, *Welfare Reform Implementation in Puerto Rico: A Status Report,* Research Paper Series (1–01). Washington, DC: National Council of La Raza, April 2001.

[6] "Asthma's Impact on Latinos." San Francisco, CA: Latino Issues Forum, see website: *http://www.lif.org/health/asthma.html,* October 2002.

[7] "U.S. Transportation Secretary Mineta Marks National Child Passenger Safety Week, Urges Parents to Buckle Up Children Correctly," Press Release, Washington, DC: U.S. Department of Transportation, February 12, 2001.

- *Increase Latino participation in transportation policy decisionmaking; improve representation on Metropolitan Planning Organizations.* Public involvement in transportation planning is key to ensuring that Latino communities benefit equally from transit projects. Investments in transportation resources for such areas should become the priority since low-income Latinos tend to have a higher dependence on public transit. One significant example of the need for Latino involvement in transit design can be found in the debate surrounding Austin, Texas' proposal for a light rail system during the 1990's. It is our understanding that the public voted down the light rail initiative partly because the system did not fairly address the transportation needs of the city's low-income Latinos. The majority of the proposed system would have provided access to more affluent areas in western Austin with limited access to the predominantly Hispanic area of Central East Austin. Although light rail would have provided few benefits to Central East Austin, it would have had significant economic, environmental, and social impacts there due to the proposed location of a storage and maintenance facility in the area. This facility would have increased noise and air pollution, and likely led to reduced property value. In addition, the proposed light rail station, while purported to revitalize Central East Austin, would have had a negative impact on existing businesses due to displacement and increased competition.[8] In the case of light rail in Austin, the Hispanic community was reactive and, as a result, the proposed light rail system failed.
  The inclusion of Latinos in the planning and design of transportation projects can lead to better plans for all communities and successful execution of such proposals. The increasing political and economic influence of the Latino community is better utilized when those communities are allowed to be proactive in the transportation planning process.
- *Ensure that transportation projects do not have disparate impacts on Latino communities.* Historically, low-income and minority communities have relied on public transportation systems that are often neglected by transit systems once established. While relying on these outdated forms of transportation, new projects and infrastructure improvements, such as rail and highway construction, have frequently bypassed low-income communities and, instead, resulted in environmental hazards and the displacement of homes, businesses, and communities. In addition, the jobs created by such projects have often not benefited residents of such communities, or resulted in the hiring of local construction firms that employ Latino workers. NCLR commends the Federal Transit Administration for encouraging local transit systems to consider the introduction of a variety of improvements to bus service which will improve the quality of this lower-cost transportation alternative that minorities in many urban communities are far more likely to rely upon than other forms of mass transit. Any improvements in services should focus on improving cleanliness and safety, reducing overcrowding, increasing access to jobs and important centers of community life, and addressing language or physical barriers to access.
- *Take steps to engage and involve Hispanic-serving community-based organizations.* Community-based organizations are key agents providing very important social services to Latino families across the Nation. These organizations understand and respond to the needs of their local Hispanic constituents. The groups are ideally situated to provide guidance on best practices for economic development and job creation, as well as serve as a gateway to Latino communities for important transportation services, public involvement, outreach, and public education.

Recommendations

The priorities that the National Council of La Raza has outlined are consistent with the historical goal that publicly-funded transit systems benefit all communities equitably. In order to address these issues, NCLR urges the Members of the Senate Banking Committee to:

- *Expand and strengthen the Job Access and Reverse Commute program.* This program was created to assist poor women on TANF to find and keep jobs. It is woefully underfunded, and the need for the program is even greater today than when it was created. More families on TANF are beginning to reach their time limits, and getting to jobs is increasingly urgent for them. Funding levels should be doubled to $300 million annually, and the program should be further refined to en-

[8] For a more detailed discussion of the potential impacts of the light rail proposal on Central East Austin, see, Almanza, Susana & Raul Alvarez, "The Impacts of Siting Transportation Facilities in Low-Income Communities & Communities of Color." Austin, TX: People Organized in Defense of Earth and Her Resources, July 1995, see website: *http://www.fta.dot.gov/library/policy/envir-just/backcf.htm#Impacts*, October 2002.

sure that community-based organizations, including many within NCLR's network, that serve needy Hispanic families can access these important resources. The share of the funding open to a competitive process needs to be expanded considerably. Furthermore, technical assistance to community-based organizations should be increased to improve the quality of transportation services provided by such nontraditional providers.

- *Invest in public transportation.* Lawmakers should retain a uniform ratio of Federal-State investment in new capital capacity in public transit and highways, and take steps to encourage, perhaps through the use of incentives, increased funding in public transportation. Also, proposed new capital capacity projects, for example the New Starts program, must not take local or Federal funds away from existing public transportation services or negatively impact existing resources and communities. In addition, special consideration for targeted investment is needed where transportation needs are severe, particularly in rural areas with new "emerging" Latino and immigrant communities, as well as especially needy areas along the U.S.-Mexico border.
- *Strengthen guidance and implementation regarding language policy.* While the Department of Transportation's LEP guidance is a first step toward ensuring equal access and greater flow of appropriate and useful information to Latinos who are limited-English-proficient, States need additional support to bridge language barriers. Resources should be channeled to States to assist them in creating effective language assistance programs, as described in the Department's guidance. In addition, the guidance should be strengthened to specify thresholds and corresponding services to assist recipients of funding from the Department in developing and implementing written language assistance plans.
- *Advance economic and community development.* The Federal Government must encourage greater cooperation among transportation agencies and agencies from other parts of Government: Workforce investment, housing, welfare, etc. A good model of this is the Job Access and Reverse Commute program. Furthermore, two provisions can promote greater economic and community development in areas where Latinos reside. First, States should set aside a portion of their Federal highway transportation funds for recruitment, training, and supportive services for minorities in the transportation construction field. Second, local hiring agreements for communities where transportation projects are built can be an effective tool for connecting unemployed residents to the workforce, increasing job skills, and helping residents earn higher wages.
- *Focus on civil rights for minority communities.* Due to the clear patterns of disparate economic, environmental, and social impacts resulting from the historical development of services for affluent communities at the expense of low-income and minority communities, it is necessary to strengthen legislative language around Title VI of the Civil Rights Act of 1964 to clarify that individuals have the right to sue States under claims of disparate impact. Transportation planning agencies should gather data specific to Latino communities with respect to job access and environmental justice impacts. Also, any new investment in predominantly Latino communities should be culturally sensitive and designed to address the needs of these communities and families. In addition, clearer performance measures and guarantees of equitable transportation investments are needed to ensure that civil rights laws are fully enforced, that future projects have more equitable outcomes, and that communities can hold transit agencies accountable for failing to ensure fair outcomes. Also, a mechanism should be developed and implemented to address the needs of communities who have been negatively impacted by past projects.
- *Strengthen public involvement in planning processes.* NCLR believes that a minimum expectation for public involvement and community control in transportation planning must be established. Full disclosure of the annual list of projects by Metropolitan Planning Organizations would improve accountability of transportation agencies and help local communities better understand and be involved in transit plans. The composition of Metropolitan Planning Organizations should also be adjusted to ensure that low-income and Latino residents can contribute to the democratic process of decisionmaking.

NCLR urges the Committee on Banking, Housing, and Urban Affairs to address in a meaningful way the concerns and recommendations that I have presented today. I appreciate the opportunity to testify and encourage you to call on NCLR as you consider policy proposals related to these transit issues.

Reasonable Expectations for
Transit in the Modern Urban Area

Testimony by Wendell Cox
Before the
Senate Committee on Banking, Housing and Urban Affairs

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify today.

My name is Wendell Cox. I am an independent consultant headquartered in Belleville, Illinois, in the St. Louis area. I am also a visiting fellow at The Heritage Foundation. I must stress, however, that the views I express are entirely my own, and should not be construed as representing the position of The Heritage Foundation.

I was appointed to three terms on the Los Angeles Country Transportation Commission by Mayor Tom Bradley and was appointed to the Amtrak Reform Council by Speaker Gingrich. Earlier this year I served an assignment as a visiting professor at the Conservatoire National des Arts ET Metiers (CNAM), a French national university in Paris, conducting seminars and research on urban planning and transport.

I will share perspectives that you may not have heard before --- about how transit has little or no potential to address traffic congestion and how so-called "smart growth" promises to worsen traffic congestion while making housing less affordable especially for the nation's lower income households who are disproportionately minority. These views are held by other professionals and academics as well, and they challenge what is considered to be the conventional wisdom in both transport and urban planning. I will, of course, be pleased to supply the Committee with additional details as requested.

Increasing Traffic Congestion, Declining Transit Market Share

It is painfully obvious to commuters in virtually all US urban areas that traffic is getting worse. This has been going on for some time, but has become much more critical in recent years. For example, the US Census Bureau reports that average work trip travel time increased 3.1 minutes nationally from 1990 to 2000, a rate four times that of 1980 to 1990. And, things are likely to get much worse (Figure #1).

For some time there has been a widely held view that transit has the potential to reduce urban traffic congestion. Indeed, that sentiment was part of the rationale behind making highway user fees available to transit in the 1982 reauthorization.

Yet, despite spending nearly $500 billion in subsidies at the federal, state and local level since 1960, transit's share of urban trips has continued to trend downward. This is confirmed by the 2000 Census, which shows that transit's share of work trips has reached a new low --- 4.6 percent (Figure #2), down more than 10 percent from 1990 (Table #1). While employment was increasing 13.2 million, transit work trip use declined nearly 23,000. Only two metropolitan areas with more than 1,000,000 population maintain a transit work trip market share of more than 10 percent (Table A-1).

Table #1
Work Trip Market Share by Mode: 1990 & 2000

Mode	1990	Share	2000	Share	Change	Change in Share
Car, Truck or Van	99,592,932	86.5%	112,736,101	87.9%	13,143,169	1.5%
Drove Alone	84,215,298	73.2%	97,102,050	75.7%	12,886,752	3.4%
Car Pool	15,377,634	13.4%	15,634,051	12.2%	256,417	-8.8%
Public Transit*	6,069,589	5.3%	6,067,703	4.7%	(1,886)	-10.3%
Public Transit	5,890,155	5.1%	5,867,559	4.6%	(22,596)	-10.6%
Taxicab	179,434	0.2%	200,144	0.2%	20,710	0.1%
Motorcycle	237,404	0.2%	142,424	0.1%	(94,980)	-46.2%
Bicycle	466,856	0.4%	488,497	0.4%	21,641	-6.1%
Walk only	4,488,886	3.9%	3,758,982	2.9%	(729,904)	-24.9%
Other	808,582	0.7%	901,298	0.7%	92,716	-0.0%
Work at Home	3,406,025	3.0%	4,184,223	3.3%	778,198	10.2%
Workers 16 Years & Over	115,070,274	100.0%	128,279,228	100.0%	13,208,954	0.0%

Source: Data from US Census Bureau
*With Taxicab

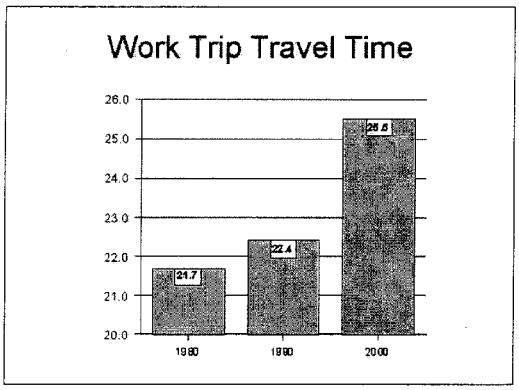

Figure 1[1]

[1] US Census Bureau

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Table #1 Work Trip Market Share by Mode: 1990 & 2000						
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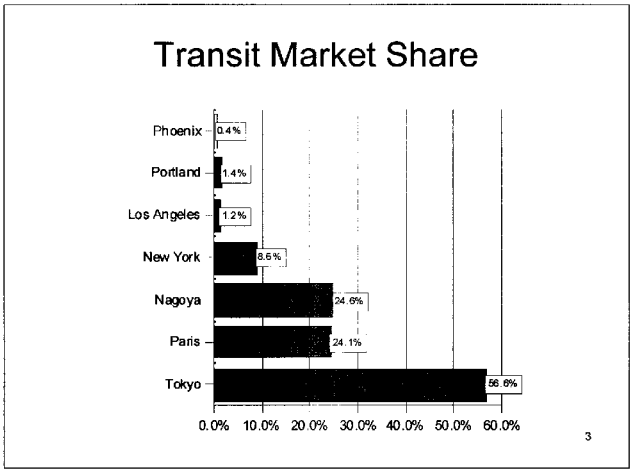

Figure 1[1]

[1] Data from Kenworthy & Laube.

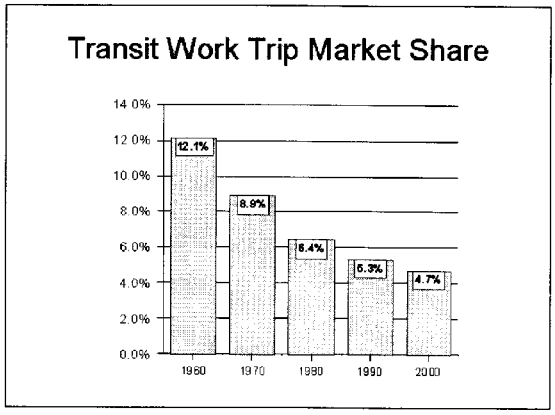

Figure 2[2]

The Transit Dilemma: Little Auto Competitive Service

This is not to suggest that transit does not play an important role. Make no mistake about it --- where transit provides auto-competitive service, people use it. To be auto-competitive, transit must be, at a minimum, time competitive with the automobile. The 2000 Census data indicates that transit work trips take considerably longer than auto work trips. The average transit work trip was 43 minutes, which compares to other modes (mainly auto) at 24.8 minutes. Transit work trips take longer than auto trips in all metropolitan areas with more than 1,000,000 population (Table A-2).

But where transit is auto-competitive, it is very successful. For example:

- In the Tokyo area, nearly 60 percent of travel is on transit. Why? The reason is that transit is generally faster than the automobile, with the dense network of urban rail services and frequent connecting bus service making transit service attractive throughout the urban area. This is illustrated by the fact that Tokyo, with approximately 1.5 times the population of the New York urban area, carries approximately 4.5 times as many riders annually, and 60 percent more riders than all of the transit systems in the United States combined. Nonetheless, the automobile is making significant inroads in the Tokyo area. In suburban areas, where the auto is more competitive, transit market share is nearly 40 percent below that of the central city. And, throughout the area, transit market share has fallen nearly 30 percent since 1970.

- In the Paris area, 24 percent of travel is by transit. There, the commuter rail and metro systems provide generally faster travel than the automobile, with more than

[2] Calculated from US Census Bureau data

60 percent of central city oriented travel on transit. But the situation is much different in the suburbs, where 80 percent of Parisians live and work. There, only 15 percent of travel is on transit, because transit provides little suburb to suburb service that is auto-competitive. As in Tokyo, transit's market share has fallen in the Paris area, approximately 40 percent since 1970. The situation and experience in Paris is typical of other urban areas in Western Europe.

- In the New York area, approximately 10 percent of travel is on public transit. Much of this travel is focused in the city of New York, and especially to the Manhattan central business district (below 59th Street). In 1990, approximately 75 percent of work trips to this area were on transit. In fact, approximately 22 percent of the nation's transit work trips were to the Manhattancentral business district, an area of less than 10 square miles. Nearly 73 percent of work trips to locations within the city of New York were on transit, representing more than one-third of the nation's transit work trips. Yet, in the vast sprawling suburbs of New York, only four percent of work trips were by transit. The difference is that substantial levels of auto-competitive service is provided to Manhattan and within the city of New York. It is possible to provide auto-competitive service because of the city's high population and density, and the slower automobile operating speeds that result from the intense traffic congestion. Other than travel in and to the city, however, few trips can be made by auto-competitive transit.

- Transit accounts for more than 50 percent of work trip travel to the Chicago central business district, the nation's second largest downtown. Again, the key is auto-competitive service available to this concentrated area from most locations in the urban area. Within the city itself, transit's work trip market share is nearly one-third. But in the suburbs, transit's work trip market share is barely three percent. Travel by transit from suburban residence to suburban employment locations can average more than two hours, in an urban area where automobile work trips average less than 30 minutes.

- In most other major metropolitan areas, transit competitive service is largely limited to downtown locations, and often only during peak commuting hours. Outside the New York and Chicago metropolitan areas, overall transit market shares tend to be approximately one percent (Figure #3)

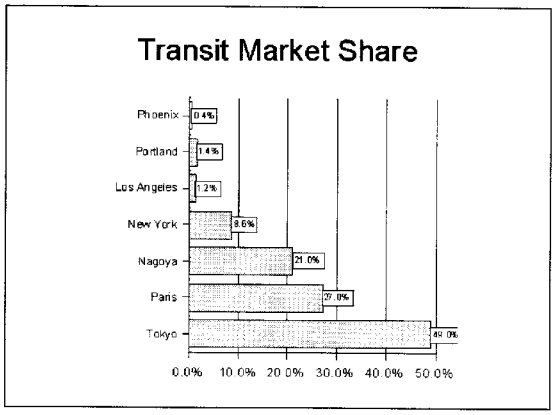

Figure 3[3]

What all of this says is that transit is largely about downtown and to a lesser degree a small number of urban cores (Figure #4). Overall, only the New York and Chicago metropolitan areas maintain a transit work trip market share of more than 10 percent, with most of that concentrated in the core areas. In fact, more than one-half of the nations' transit work trips are to locations within the central cities of New York, Chicago and the ten next largest central business districts. Thus, 3.1 million of the nation's transit work trips are to a gross area of less than 600 square miles, while the balance of 2.8 million transit work trips are to the other more than 86,000 square miles of urbanized land. Thus, outside trips to downtown, transit is able to make little or no difference with respect to traffic congestion.

In most major metropolitan areas, auto-competitive transit service is limited to downtown service. This is illustrated by Portland (Oregon), which has the nation's most aggressive smart growth policies and has nearly doubled transit service in the last decade. Transit competitive service is provided from approximately 70 percent of the urban area to downtown (where transit competitive is defined as 1.5 times auto travel times). Outside downtown employment locations are accessible to only five percent of the urban area by transit competitive service. People are not going to forsake their cars for transit service that takes too long, or transit service that doesn't even exist.

[3] Data from Kenworthy & Laube.

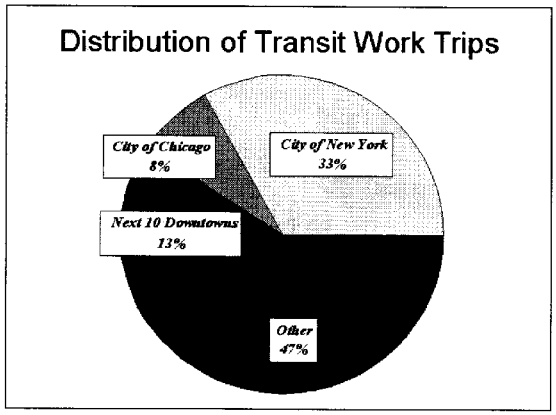

Figure 4[4]

It is not surprising, therefore, that people who use transit to non-downtown locations have much lower incomes than those able to access the auto-competitive services to downtown. In 1990, downtown transit commuters had an average household income within six percent of the national average. Non-downtown transit commuters had an average household income 40 percent below average. It would appear that transit is used for non-downtown work trips only by those who don't have a choice (those who have no automobile available).

The key to getting people out of their cars is to provide automobile competitive service -- - service that is competitive in travel time. But, as noted above, there is little auto-competitive service in the United States and little more planned to areas other than downtowns. And, despite their vertical impressiveness, downtowns represent a small and declining share of metropolitan employment in the United States. In 1990, the average downtown area accounted for barely 10 percent of metropolitan employment (Figure #5). Even Manhattan's central business district, the second largest in the world, accounted for barely 20 percent of metropolitan New York's employment.

[4] Calculated from 1990 US Census data.

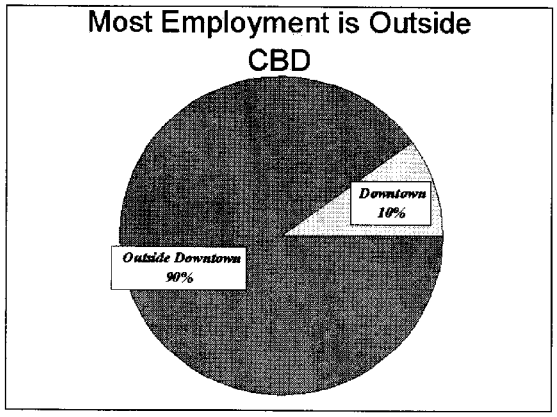

Figure 5[5]

The Union of International Public Transport is hardly the type of organization that would be expected to make critical comments about public transit. But this organization, the international equivalent of the American Public Transportation Association (APTA) put it this way:

> *In the United States, with the exception of New York, public transport is unable to compete with the automobile: its speed is half as fast, which means that door-to-door travel times, incorporating terminal distance times, waiting and transfer times, are 3 to 4 times longer on public transport."*

Actually, this is something of an overstatement. Transit plays an indispensable role in providing auto-competitive service to a few much focused areas of the nation. But outside these areas, the potential for transit to attract people out of cars is nearly non-existent.

This is illustrated by the record of metropolitan areas that have built new rail systems...

- Between 1990 and 2000, Dallas opened a commuter rail line and three branches of a light rail system. Yet, overall transit work trip ridership decreased (Table #2).
- Between 1990 and 2000, St. Louis opened a new light rail line. Yet, transit work trip ridership decreased (Table #3).
- Between 1970 and 2000, Washington opened approximately 100 miles of its Metro system. Yet, transit's work trip market share dropped 29 percent.
- Transit's work trip market share continues to trail pre-light rail levels in Portland, though minor gains were made in the 1990s. Street and highway traffic has grown

[5] Calculated from 1990 US Census Bureau data.

faster than transit use since 1985, the year before the first of two light rail lines was opened. Traffic delays, as measured by the Travel Time Index have grown 31 percent, the second largest increase in the nation (Figure #6).

The problem is further illustrated by the case of Minneapolis-St. Paul, which is currently building a light rail line (the "Hiawatha Line") and seeks to build a commuter rail line (the "Northstar Line"). There, the Texas Transportation Institute estimates that it would take an addition of 84,000 *annual* transit one-way peak period riders just to stop to growth of traffic congestion. The two lines would add fewer than 9,000 one-way transit riders over a period of 20 years or more. During the 1990s, transit work trip use increased approximately 200 annually, a small fraction of what would be required to materially impact traffic congestion (Figure #7).

Urban rail systems are exceedingly expensive. Often the annual cost per commuter attracted from the automobile exceeds the recurring lease cost for a new automobile.

Table #2
Work Trip Market Share in Dallas County: 1990-2000

Mode	1990	Market Share	2000	Market Share	Change	Change in Market Share
Drive Alone	718,709	76.2%	777,372	74.8%	58,663	-1.8%
Car Pool	135,776	14.4%	167,270	16.1%	31,494	11.9%
Transit	38,150	4.0%	35,261	3.4%	(2,889)	-16.1%
Walk	19,027	2.0%	17,390	1.7%	(1,637)	-17.0%
Other	11,004	1.2%	13,108	1.3%	2,104	8.2%
Work at Home	20,480	2.2%	28,378	2.7%	7,898	25.8%
Total	943,146	100.0%	1,038,779	100.0%	95,633	0.0%

Taxicab included in "Other"
Calculated from US Census Bureau data.

Table #3
Work Trip Market Share in Metropolitan St. Louis: 1990-2000l

Mode	1990	Market Share	2000	Market Share	Change	Change in Market Share
Drive Alone	912,509	79.7%	1,023,627	82.6%	111,118	3.6%
Car Pool	137,883	12.0%	122,219	9.9%	(15,664)	-18.1%
Transit	31,355	2.7%	28,675	2.3%	(2,680)	-15.5%
Walk	24,556	2.1%	20,131	1.6%	(4,425)	-24.3%
Other	10,881	1.0%	9,020	0.7%	(1,861)	-23.4%
Work at Home	27,152	2.4%	35,292	2.8%	8,140	20.1%
Total	1,144,336	100.0%	1,238,964	100.0%	94,628	0.0%

Taxicab included in "Other"
Calculated from US Census Bureau data.

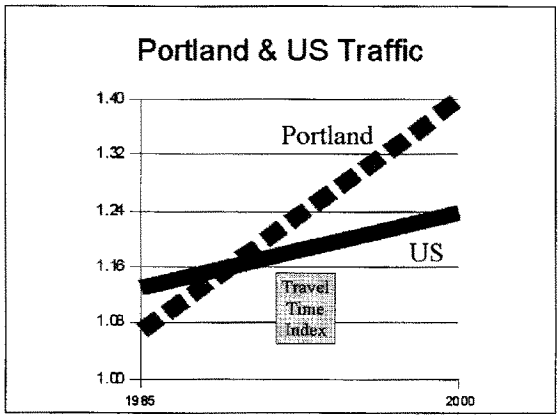

Figure 6[6]

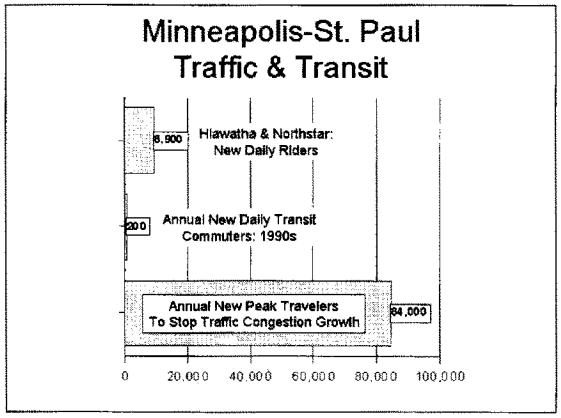

Figure 7[7]

Funding Imbalance

The modest returns from the nation's new urban rail systems are evident when measured in terms of the cost per new passenger mile. From 1980 to 2000, incremental government expenditures (federal, state and local) on transit were $1.19 per incremental passenger mile, nearly 40 times that of streets and highways (Figure #8). And, while highway user

[6] Calculated from Texas Transportation Institute data.
[7] Data from Texas Transportation Institute, Federal Transit Administration and US Census Bureau.

fees and special imposts accounted for 75 percent or more of highway expenditures, transit user fees accounted for less than 30 percent of expenditures.

This spending imbalance is even more significant in some of the nation's major urban areas. For example, through 2025, the Atlanta region will spend 55 percent of its transportation resources on public transit, while transit's share of trips is expected to grow from only 2.6 percent to 3.4 percent (Figure #9).

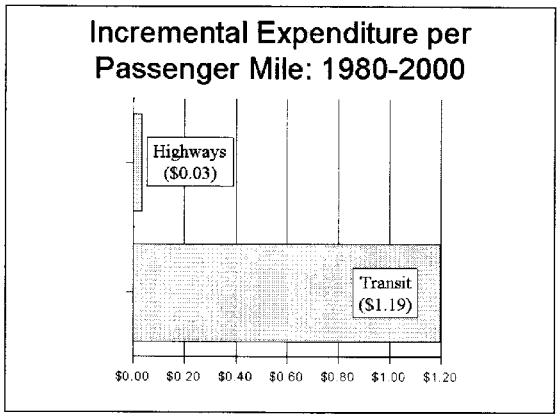

Figure 8[8]

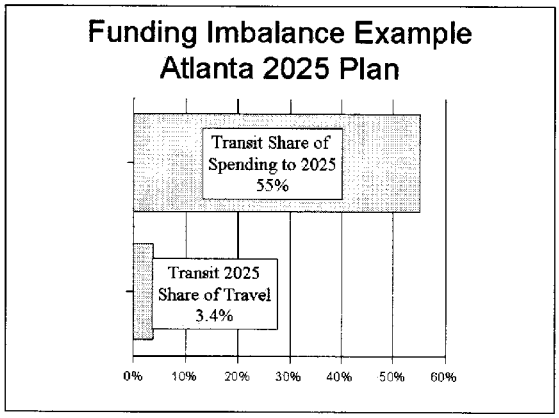

Figure 9[9]

[8] Calculated from US Census Bureau, Federal Highway Administration and Federal Transit Administration data.

The defining factor with respect to urban transport is that virtually all new travel demand is expected to be automobile related. Even Portland's land use-transport planning agency, Metro, acknowledges this (Figure #10). The fundamental problem is that there is no transit system that can provide auto-competitive service to a significant share of destinations outside downtowns. This is true not only in the United States, and to a somewhat lesser degree even in Western Europe. Our research indicates that a transit system that provides auto-competitive service throughout the modern American urban area could cost as much as a metropolitan areas' gross regional product.

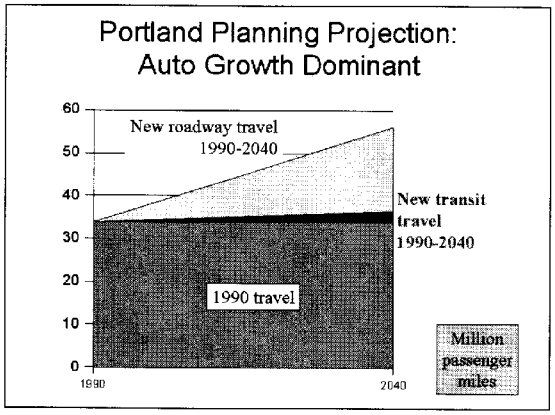

Figure 10[10]

But this does not mean that there is not a cost efficient role for strategies other than the single occupant automobile. The recent Census data indicates rays of hope. While overall transit work trip ridership was declining slightly, progress was made in much less costly modes, namely working at home (telecommuting) and car pooling. . Working at home increased 778,000 and car pooling increased 256,000, though registering a 3.4 percent market share loss (Figure #11).

- In eight metropolitan areas, telecommuting increased more than 25,000. In each of these areas, the increase was greater than that of transit (Table #4). Telecommuting increased more than transit in 40 of the nation's 49 metropolitan areas over 1,000,000, and increased 19 times as much as transit (Table A-3). Little, if any government subsidy has been used to encourage telecommuting.

- In 11 metropolitan areas, car pooling increased more than 25,000. Again, in each such area, the increase was greater than that of transit (Table #5). In both Atlanta and Dallas-Fort Worth, which have made major urban rail investments, the 1990s

[9] Calculated from Atlanta Regional Commission 2025 Plan.
[10] Calculated from Metro data.

increase in car pooling alone exceeded the *total* transit work trip ridership. Car pooling increased more than transit in 36 of the nation's 49 metropolitan areas over 1,000,000 and increased 16 times as much as transit (Table A-3). Some of the metropolitan areas, such as Atlanta, Phoenix, Dallas-Fort Worth, Seattle and Houston employed aggressive high occupancy vehicle (HOV) lane programs during the 1990s. Regional HOV lane systems can provide opportunities for improved mobility to the entire area, not just to downtown. Further, they can and are being used by transit agencies to provide comparatively low cost express bus services. The concept can be expanded even further through use of HOT lanes (high occupancy toll lanes), which permit single occupant vehicles to use HOV lanes for a price, which can be used to expand the system even further.

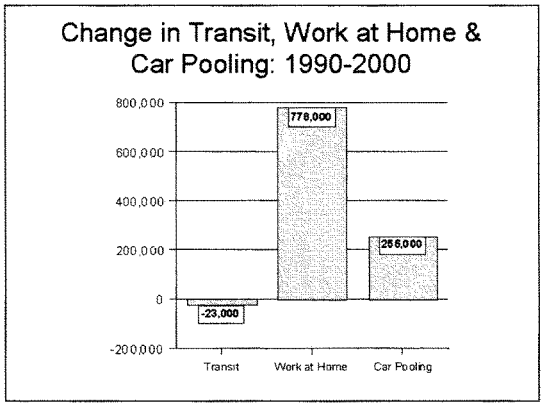

Figure 11[11]

Table #4 Telecommuting and Transit Work Trip Trend: 1990-2000		
Metropolitan Area	Transit Change	Telecommuting Change
New York--Northern New Jersey--Long Island, NY--NJ--CT--PA CMSA	41,472	74,500
Los Angeles--Riverside--Orange County, CA CMSA	3,299	55,349
Chicago--Gary--Kenosha, IL--IN--WI CMSA	(42,131)	40,839
Atlanta, GA MSA	3,286	38,742
Boston--Worcester—Lawrence, MA--NH--ME--CT CMSA	29,223	33,125
Dallas--Fort Worth, TX CMSA	(567)	30,284
San Francisco--Oakland--San Jose, CA CMSA	27,049	27,915
Denver--Boulder--Greeley, CO CMSA	17,066	25,470
Total	78,697	326,224
Calculated from US Census data.		

[11] Data from US Census Bureau

Table #5 Car Pooling and Transit Work Trip Trend: 1990-2000		
Metropolitan Area	Transit Change	Car Pooling Change
Atlanta, GA MSA	3,286	92,022
Phoenix--Mesa, AZ MSA	8,116	81,827
Dallas--Fort Worth, TX CMSA	(567)	79,603
Seattle—Tacoma--Bremerton, WA CMSA	28,611	49,573
Las Vegas, NV--AZ MSA	20,940	48,561
Houston--Galveston--Brazoria, TX CMSA	1,643	40,049
Austin--San Marcos, TX MSA	3,313	32,889
San Francisco--Oakland--San Jose, CA CMSA	27,049	28,035
Denver--Boulder--Greeley, CO CMSA	17,066	27,499
Raleigh--Durham--Chapel Hill, NC MSA	1,985	26,728
Portland—Salem, OR--WA CMSA	22,152	25,947
Total	133,594	532,733
Calculated from US Census data.		

One of the most promising developments has been the recognition by the Federal Transit Administration and some transit agencies of the much more cost effective options for rapid transit using buses. USDOT research has indicated that bus rapid transit can be five times as cost efficient per passenger mile.

Smart Growth: More Traffic Congestion, Less Housing Affordability

The "Smart Growth" movement seeks to stop or control urban sprawl. Proponents claim that it will reduce traffic congestion, reduce air pollution and reduce costs. As a result, there are proposals to impose land use regulations for controlling urban sprawl as in the federal transportation program. It is fundamental that smart growth and containing sprawl require higher densities. Smart growth's goals simply are unattainable without much higher densities.

US urban areas tend to be less densely populated than those in Western Europe and Japan (Figure #12). But, contrary to the popular view, sprawl is not an American phenomenon. Sprawl occurs wherever there is population growth and rising affluence, and European urban areas have seen their urban densities decline at an even greater rate than in the United States (Figure #13).

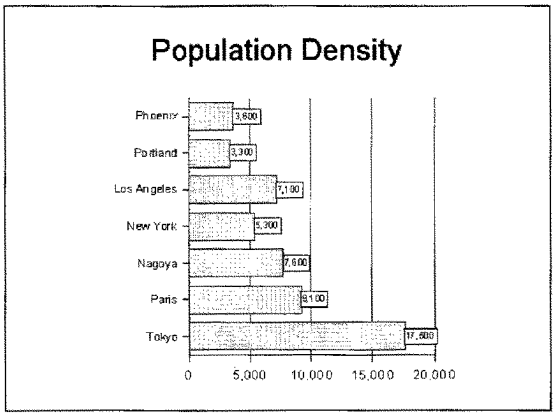

Figure 12[12]

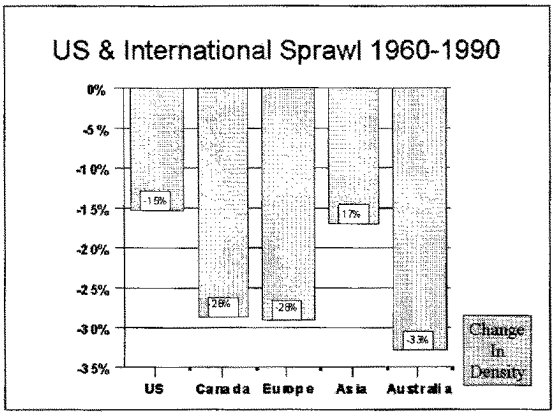

Figure 13[13]

[12] Data from US Census Bureau, INSEE (France) and author's estimates.
[13] Calculated from Kenworthy & Laube and US Census Bureau data.

I do not favor sprawl. I favor allowing people to live and work where and how they like. And, there is no reason not to allow it. Even today, nearly 400 years after Jamestown, urbanization accounts for less only 2.6 percent of the nation's land area.

The claims of the smart growth movement simply do not hold up.

National and international data clearly indicates that traffic congestion rises with population density. The higher density European and Asia urban areas, with their much higher public transit market shares also have much worse traffic (Figure #14). Research commissioned by the United States Department of Transportation indicates that at current US urban densities, vehicle miles rise more than 80 percent when population density is doubled. Now, admittedly, that means that per capita driving declines marginally, but it means that there are more miles in a defined area --- traffic congestion is worse.

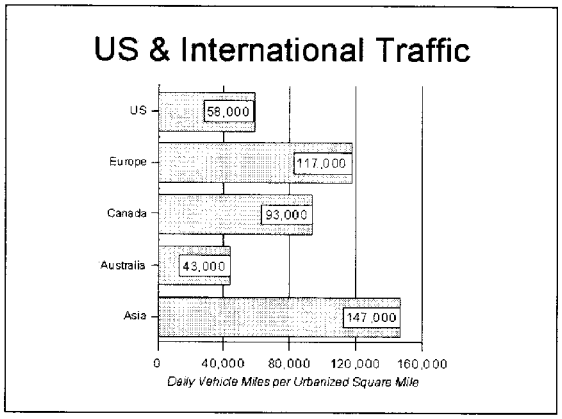

Figure 14[14]

More driving per square mile means that traffic slows down and that people must spend more time in their cars. Not surprisingly, journey to work travel times tend to be longer where population densities are higher --- whether in the United States or internationally.

And, as traffic volumes in a particular area increase, there is also an increase in stop and go driving. Slower speeds and stop and go driving mean greater production of air pollution. So, not surprisingly, air pollution production tends to be higher where densities are higher. And, it is well to consider the great progress that has been made in air pollution abatement in the United States. In the last 30 years, driving has increased substantially, while criteria air pollution production has decreased --- not just per capita --- but overall.

[14] Calculated from Kenworthy & Laube and Federal Highway Administration for 1990/1991.

So, smart growth increases traffic congestion, travel times and air pollution.

Some months ago research was published showing that transportation costs are higher in more sprawling areas. This is to be expected. But what may be surprising is that overall household expenditures tend to be lower where densities are lower. The big factor in this equation is housing costs. Housing costs are less where densities are less, and they tend to be less to such a great degree that the transportation cost disadvantage is more than canceled.

But, the worst impact of all is social. Home ownership is lower where densities are higher. Thus, smart growth works to make home ownership more difficult for lower income households. Recent decades shows than minority home ownership, (African-American and Hispanic), is rising faster than that of non-Hispanic whites (Figure #15). At the same time, minority home ownership levels still remain well below that of non-Hispanic whites, which is why the Bush Administration has undertaken steps to more greatly expand minority home ownership.

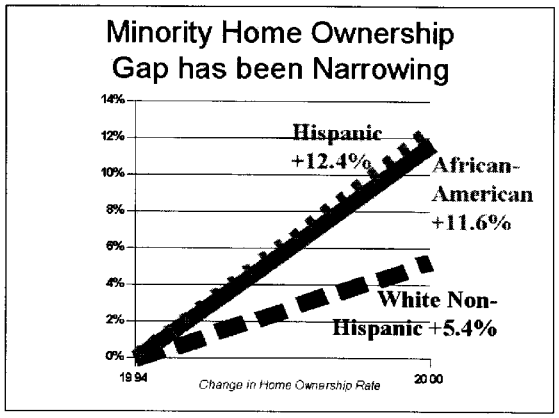

Figure 15[15]

By raising the price of housing, smart growth promotes social inequity. Smart growth rations land and development. It is a fundamental principle of economics that when valuable goods are rationed, their prices rise. When prices rise, it is the lower end of the income spectrum that is driven away from the market. The lower income spectrum has a disproportionate representation of minorities. As a result, smart growth reduces home ownership opportunities for lower income households, especially African-Americans and Hispanics. There is a raging debate between supporters and opponents of smart growth about the extent to which home ownership is reduced by smart growth. We often hear from smart growth supporters that they way to compensate for smart growths reduction

[15] Calculated from US Census Bureau data.

of home ownership is to provide greater amounts of affordable housing. Such proposals are no more than empty platitudes in view of the fact that, by some reports, current public resources are sufficient to provide housing assistance to barely one third of eligible recipients. In fact, recent research by Matthew Kahn of Tufts University indicates that African-American home-ownership tends to be higher in more sprawling urban areas (Figure #16). Further, research by Edward L. Glaeser and Joseph Gyourko, published by Harvard University found that much of the difference in housing affordability around the nation can be attributed to land regulation.[16] It is not surprising that Oregon, with the nation's most comprehensive smart growth regulations, experienced by far the greatest increase in housing values between 1990 and 2000 (Figure #17).

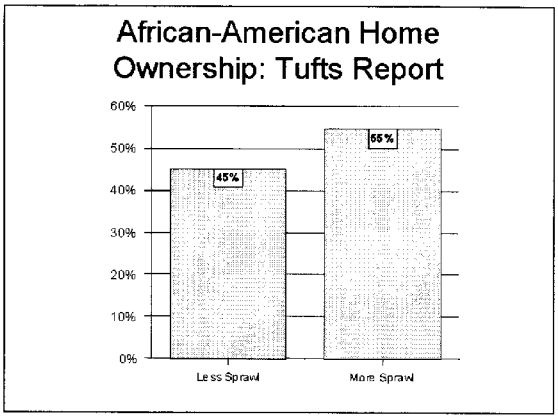

Figure 16[17]

[16] Edward L. Glaeser and Joseph Gyourko, "The Impact of Zoning on Housing Affordability," Harvard Institute of Economic Research Discussion Paper Number 1948 (March 2002).
[17] Matthew E. Kahn, "Does Sprawl Reduce the Black/White Housing Consumption Gap?" *Housing Policy Debate*, Volume 12, Issue 1.

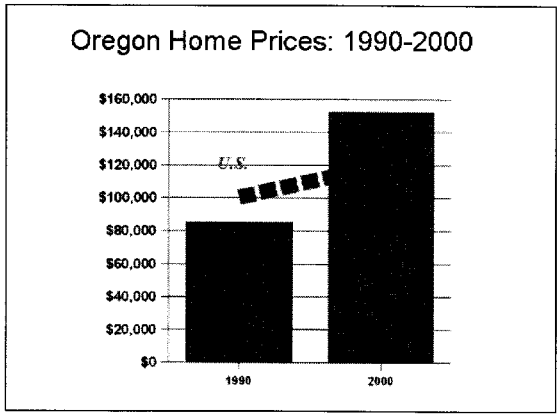

Figure 17[18]

Thus, smart growth is promises to produce a more traffic impacted urban area and one that is less economically inclusive. It would be a mistake for the federal government to encourage such measures through the transportation program.

RECOMMENDATIONS

Three conclusions and three recommendations are suggested by the current situation and recent trends in urban transport.

- The 1990 to 2000 Census data makes it clear that telecommuting and car pooling options can be far more cost effective than transit. The General Accounting Office should be asked to review the potential for more effectively using new transit investment funds to encourage additional telecommuting and car pooling.

- There is little potential for reducing traffic congestion or increasing transportation choice for all but a few through transit. There are no material successes, US or international. The nation should move toward a surface transportation program in which new investments are based upon a policy goal that all can identify with --- the reduction of *actual* travel times. Generally, new investments should be made based upon their cost per reduced hour of actual travel delay.

- Smart growth strategies tend to intensify the very problems they are purported to solve, especially by increasing traffic congestion. There should be no federal mandates with respect to land use or smart growth.

[18] Calculated from US Census Bureau data.

Table A-1
Transit Journey to Work Market Share: Major Metropolitan Areas over 1,000,000: 1990-2000

Metropolitan Area	2000	1990	Change
Atlanta, GA MSA	3.5%	4.6%	-24.6%
Austin--San Marcos, TX MSA	2.5%	3.2%	-21.9%
Boston--Worcester--Lawrence, MA--NH--ME--CT CMSA	8.8%	9.7%	-8.8%
Buffalo--Niagara Falls, NY MSA	3.3%	4.5%	-24.8%
Charlotte--Gastonia--Rock Hill, NC--SC MSA	1.3%	1.7%	-24.8%
Chicago--Gary--Kenosha, IL--IN--WI CMSA	11.2%	13.4%	-16.4%
Cincinnati--Hamilton, OH--KY--IN CMSA	2.8%	3.6%	-20.3%
Cleveland--Akron, OH CMSA	3.3%	4.5%	-26.0%
Columbus, OH MSA	2.2%	2.7%	-17.1%
Dallas--Fort Worth, TX CMSA	1.7%	2.3%	-22.8%
Denver--Boulder--Greeley, CO CMSA	4.3%	4.0%	8.3%
Detroit--Ann Arbor--Flint, MI CMSA	1.7%	2.2%	-22.8%
Grand Rapids--Muskegon--Holland, MI MSA	0.8%	1.0%	-26.4%
Greensboro--Winston-Salem--High Point, NC MSA	0.8%	1.0%	-27.7%
Hartford, CT MSA	2.8%	3.6%	-23.3%
Houston--Galveston--Brazoria, TX CMSA	3.2%	3.7%	-13.3%
Indianapolis, IN MSA	1.3%	2.0%	-35.7%
Jacksonville, FL MSA	1.3%	2.0%	-32.5%
Kansas City, MO--KS MSA	1.2%	2.0%	-40.9%
Las Vegas, NV--AZ MSA	4.0%	1.9%	111.9%
Los Angeles--Riverside--Orange County, CA CMSA	4.6%	4.5%	1.7%
Louisville, KY--IN MSA	2.2%	3.1%	-30.9%
Memphis, TN—AR--MS MSA	1.7%	2.8%	-39.9%
Miami--Fort Lauderdale, FL CMSA	3.8%	4.2%	-10.8%
Milwaukee--Racine, WI CMSA	3.9%	4.8%	-18.8%
Minneapolis--St. Paul, MN--WI MSA	4.4%	5.2%	-15.6%
Nashville, TN MSA	0.9%	1.6%	-45.2%
New Orleans, LA MSA	5.3%	7.0%	-23.9%
New York--Northern New Jersey--Long Island, NY--NJ--CT--PA CMSA	24.1%	25.8%	-6.5%
Norfolk--Virginia Beach--Newport News, VA--NC MSA	1.8%	2.1%	-15.4%
Oklahoma City, OK MSA	0.5%	0.6%	-10.8%
Orlando, FL MSA	1.6%	1.4%	10.6%
Philadelphia--Wilmington--Atlantic City, PA--NJ--DE--MD CMSA	8.6%	10.1%	-14.6%
Phoenix--Mesa, AZ MSA	1.9%	2.0%	-4.6%
Pittsburgh, PA MSA	6.1%	7.9%	-22.4%
Portland--Salem, OR--WA CMSA	5.7%	4.8%	18.2%
Providence--Fall River--Warwick, RI--MA MSA	2.4%	2.5%	-5.2%
Raleigh—Durham--Chapel Hill, NC MSA	1.5%	1.8%	-17.9%
Rochester, NY MSA	1.9%	3.1%	-38.4%
Sacramento--Yolo, CA CMSA	2.7%	2.4%	13.0%
Salt Lake City--Ogden, UT MSA	3.0%	3.0%	0.1%
San Antonio, TX MSA	2.8%	3.6%	-21.7%
San Diego, CA MSA	3.3%	3.2%	3.2%
San Francisco--Oakland--San Jose, CA CMSA	9.4%	9.2%	1.8%
Seattle--Tacoma--Bremerton, WA CMSA	6.7%	6.1%	9.2%
St. Louis, MO--IL MSA	2.3%	2.8%	-18.4%
Tampa--St. Petersburg--Clearwater, FL MSA	1.3%	1.3%	-5.3%
Washington--Baltimore, DC--MD--VA--WV CMSA	9.2%	11.3%	-18.7%

Table A-1
Transit Journey to Work Market Share: Major Metropolitan Areas over 1,000,000: 1990-2000

Metropolitan Area	2000	1990	Change
West Palm Beach--Boca Raton, FL MSA	1.2%	1.1%	7.9%
Average	3.8%	4.3%	-12.3%

Taxicabs excluded
Minor geographical differences between 1990 and 2000
Calculated from US Census Bureau data.

Table A-2
Work Trip Travel Times: Major Metropolitan Areas Over 1,000,000: 2000 by Mode

Metropolitan Area	Mean Travel Time (Minutes)	Travel Time: Not Public Transit (Mainly auto)	Travel Time: Public Transit	Transit Time Compared to Other
Atlanta, GA MSA	31.2	30.5	50.3	1.65
Austin--San Marcos, TX MSA	25.5	25.2	37.9	1.50
Boston--Worcester--Lawrence, MA--NH--ME--CT CMSA	27.8	26.1	43.8	1.68
Buffalo--Niagara Falls, NY MSA	21.1	20.5	36.2	1.76
Charlotte--Gastonia--Rock Hill, NC--SC MSA	26.1	25.9	44.1	1.71
Chicago--Gary--Kenosha, IL--IN--WI CMSA	31.0	28.5	49.7	1.75
Cincinnati--Hamilton, OH--KY—IN CMSA	24.3	23.9	38.4	1.61
Cleveland--Akron, OH CMSA	24.0	23.3	42.9	1.84
Columbus, OH MSA	23.2	22.9	35.6	1.56
Dallas--Fort Worth, TX CMSA	27.5	27.1	48.7	1.80
Denver--Boulder--Greeley, CO CMSA	25.9	25.1	42.7	1.70
Detroit--Ann Arbor--Flint, MI CMSA	26.1	25.7	46.0	1.79
Grand Rapids--Muskegon--Holland, MI MSA	20.7	20.6	32.2	1.56
Greensboro--Winston-Salem--High Point, NC MSA	22.4	22.2	36.8	1.66
Hartford, CT MSA	22.9	22.5	37.7	1.67
Houston--Galveston--Brazoria, TX CMSA	28.8	28.0	50.4	1.80
Indianapolis, IN MSA	23.8	23.6	40.6	1.72
Jacksonville, FL MSA	26.6	26.3	47.2	1.80
Kansas City, MO--KS MSA	22.9	22.7	38.6	1.70
Las Vegas, NV--AZ MSA	24.1	22.9	51.3	2.24
Los Angeles--Riverside--Orange County, CA CMSA	29.1	28.0	50.0	1.79
Louisville, KY--IN MSA	22.7	22.4	37.4	1.67
Memphis, TN--AR--MS MSA	24.5	24.2	44.9	1.86
Miami--Fort Lauderdale, FL CMSA	28.9	28.0	50.2	1.79
Milwaukee--Racine, WI CMSA	22.1	21.3	39.9	1.87
Minneapolis--St. Paul, MN--WI MSA	23.7	23.0	36.2	1.57
Nashville, TN MSA	25.8	25.6	41.2	1.61
New Orleans, LA MSA	26.7	25.7	43.6	1.70
New York--Northern New Jersey--Long Island, NY--NJ--CT--PA CMSA	34.0	27.8	52.2	1.88
Norfolk--Virginia Beach--Newport News, VA--NC MSA	24.1	23.8	43.5	1.83
Oklahoma City, OK MSA	22.0	21.9	31.4	1.43
Orlando, FL MSA	27.0	26.6	48.2	1.82
Philadelphia--Wilmington--Atlantic City, PA--NJ--DE--MD CMSA	27.9	25.9	47.4	1.83

Table A-2
Work Trip Travel Times: Major Metropolitan Areas Over 1,000,000: 2000 by Mode

Metropolitan Area	Mean Travel Time (Minutes)	Travel Time: Not Public Transit (Mainly auto)	Travel Time: Public Transit	Transit Time Compared to Other
Phoenix--Mesa, AZ MSA	26.1	25.7	45.3	1.76
Pittsburgh, PA MSA	25.3	24.4	38.8	1.59
Portland--Salem, OR--WA CMSA	24.4	23.3	40.7	1.75
Providence--Fall River--Warwick, RI--MA MSA	23.2	22.6	47.0	2.08
Raleigh--Durham--Chapel Hill, NC MSA	24.9	24.7	33.0	1.34
Rochester, NY MSA	21.1	20.8	37.0	1.78
Sacramento--Yolo, CA CMSA	25.6	25.1	42.5	1.69
Salt Lake City--Ogden, UT MSA	22.4	21.7	42.4	1.95
San Antonio, TX MSA	24.5	23.9	44.3	1.85
San Diego, CA MSA	25.3	24.4	50.5	2.07
San Francisco--Oakland--San Jose, CA CMSA	29.3	27.5	46.0	1.67
Seattle--Tacoma--Bremerton, WA CMSA	27.7	26.4	44.8	1.70
St. Louis, MO--IL MSA	25.5	25.0	44.3	1.77
Tampa--St. Petersburg--Clearwater, FL MSA	25.6	25.4	41.1	1.62
Washington--Baltimore, DC--MD--VA--WV CMSA	31.7	30.0	47.1	1.57
West Palm Beach--Boca Raton, FL MSA	25.7	25.4	45.6	1.79
Average	25.6	24.8	43.0	1.74

Minor geographical differences between 1990 and 2000
Calculated from US Census Bureau data.

Table A-3
Change in Transit, Car Pools and Work at Home: Metropolitan Areas Over 1,000,000: 1990-2000

Metropolitan Area	New Transit Trips	New Carpool Trips	New Work at Home
Atlanta, GA MSA	3,286	92,022	38,742
Austin--San Marcos, TX MSA	3,313	32,889	11,443
Boston--Worcester--Lawrence, MA--NH--ME--CT CMSA	29,223	9,556	33,125
Buffalo--Niagara Falls, NY MSA	(6,228)	(10,484)	1,085
Charlotte--Gastonia--Rock Hill, NC--SC MSA	(675)	9,108	9,592
Chicago--Gary--Kenosha, IL--IN--WI CMSA	(42,131)	3,668	40,839
Cincinnati--Hamilton, OH--KY--IN CMSA	(1,923)	2,514	8,941
Cleveland--Akron, OH CMSA	(10,089)	(7,408)	12,217
Columbus, OH MSA	(880)	(2,501)	7,417
Dallas--Fort Worth, TX CMSA	(567)	79,603	30,284
Denver--Boulder--Greeley, CO CMSA	17,066	27,499	25,470
Detroit--Ann Arbor--Flint, MI CMSA	(7,424)	2,309	17,330
Grand Rapids--Muskegon--Holland, MI MSA	(102)	8,555	5,517
Greensboro--Winston-Salem--High Point, NC MSA	(487)	9,415	4,555
Hartford, CT MSA	(4,425)	(11,830)	3,463
Houston--Galveston--Brazoria, TX CMSA	1,643	40,049	15,304
Indianapolis, IN MSA	(2,220)	2,898	8,424
Jacksonville, FL MSA	(1,731)	2,875	546

Table A-3
Change in Transit, Car Pools and Work at Home: Metropolitan Areas Over 1,000,000: 1990-2000

Metropolitan Area	New Transit Trips	New Carpool Trips	New Work at Home
Kansas City, MO--KS MSA	(5,097)	(4,538)	8,724
Las Vegas, NV--AZ MSA	20,940	48,561	10,980
Los Angeles--Riverside--Orange County, CA CMSA	3,299	(23,904)	55,349
Louisville, KY--IN MSA	(3,344)	(3,225)	2,884
Memphis, TN--AR--MS MSA	(3,876)	5,834	4,489
Miami--Fort Lauderdale, FL CMSA	(468)	7,019	16,509
Milwaukee--Racine, WI CMSA	(5,279)	(3,788)	3,473
Minneapolis--St. Paul, MN--WI MSA	1,993	13,106	16,186
Nashville, TN MSA	(2,500)	10,959	7,245
New Orleans, LA MSA	(5,622)	4,829	4,874
New York--Northern New Jersey--Long Island, NY--NJ--CT--PA CMSA	41,472	(5,455)	74,500
Norfolk--Virginia Beach--Newport News, VA--NC MSA	(1,150)	(6,768)	(16,959)
Oklahoma City, OK MSA	22	1,470	3,183
Orlando, FL MSA	4,521	21,112	11,624
Philadelphia--Wilmington--Atlantic City, PA--NJ--DE--MD CMSA	(39,509)	(49,806)	16,727
Phoenix--Mesa, AZ MSA	8,116	81,827	24,390
Pittsburgh, PA MSA	(10,708)	(19,347)	5,934
Portland--Salem, OR--WA CMSA	22,152	25,947	18,518
Providence--Fall River--Warwick, RI--MA MSA	(452)	(8,296)	2,082
Raleigh--Durham--Chapel Hill, NC MSA	1,985	26,728	12,180
Rochester, NY MSA	(5,092)	(8,774)	3,204
Sacramento--Yolo, CA CMSA	5,140	14,426	10,941
Salt Lake City--Ogden, UT MSA	4,842	17,392	9,399
San Antonio, TX MSA	(809)	18,708	4,831
San Diego, CA MSA	3,535	14	(4,103)
San Francisco--Oakland--San Jose, CA CMSA	27,049	28,035	27,915
Seattle--Tacoma--Bremerton, WA CMSA	28,611	49,573	22,138
St. Louis, MO--IL MSA	(3,763)	(15,664)	8,140
Tampa--St. Petersburg--Clearwater, FL MSA	1,233	10,207	12,576
Washington--Baltimore, DC--MD--VA--WV CMSA	(32,046)	(28,430)	(39,622)
West Palm Beach--Boca Raton, FL MSA	1,528	8,134	9,284
Total	32,372	506,623	621,889
Compared to Transit		16	19

Minor geographical differences between 1990 and 2000
Calculated from US Census Bureau data.

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PREPARED STATEMENT OF ROY KIENITZ

SECRETARY, MARYLAND DEPARTMENT OF PLANNING

OCTOBER 8, 2002

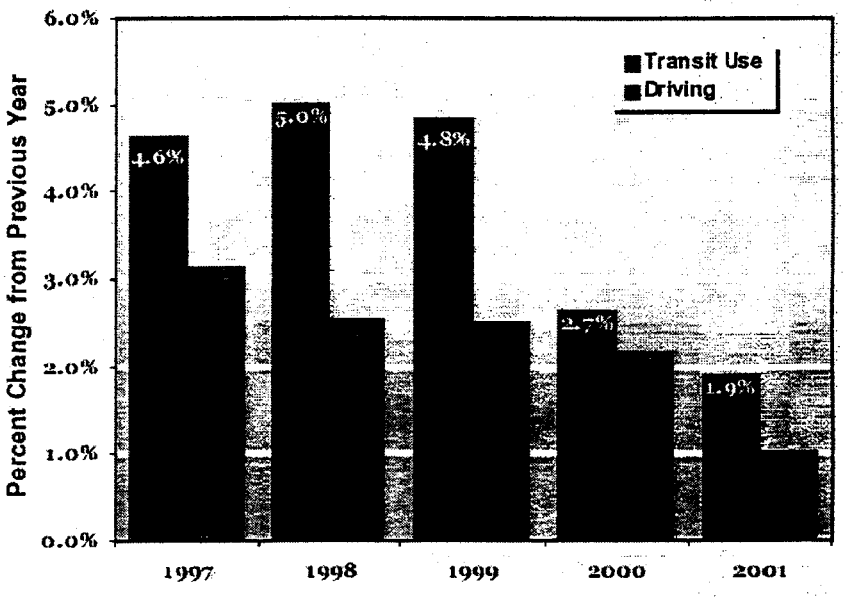
Mr. Chairman and Members of the Committee, good morning. My name is Roy Kienitz, and I am Secretary of the Maryland Department of Planning. In addition to my current work, you may recall that I served on the staff of the Committee on Environment and Public Works for many years working on transportation issues.

The previous witnesses have done a good job in illuminating the transit investment needs presented in the Conditions and Performance Report, so I will use my time to speak to the benefits of transit that justify its costs, and to specifically refute some of the more commonly heard arguments made for reducing our commitment to transit.

Transit Ridership

As you have heard, recently released data derived from the 2000 Census long form show transit usage failing to grow during the 1990's. This has been cited as evidence for a number of things, including the failure of increasing levels of investment in transit begun around 1994 to deliver results. This conclusion cannot properly be drawn from this evidence for several reasons.

Figure 1. Net Changes in Transit Ridership and Driving from Previous Year



1. Other data sources show a markedly different trend. Although ridership did decline in the first part of the 1990's, thereafter it began to grow at a rate not seen in decades. This growth resulted in a 22 percent increase in usage between 1996 and 2001. In addition, for the first time since reliable data has been collected, transit use grew at a faster rate than driving for 5 straight years [1]

[1] American Public Transportation Association, National Ridership Summaries, 2002 and previous; Federal Highway Administration, Traffic Volume Trends Reports, 2002 and previous.

(See Figure 1.) This data is derived from actual counts of paying customers rather than self-reporting by a sample of one-sixth of U.S. households.

2. The Census long form asked respondents to describe only their journey to work.[2] As all transportation professionals know, work trips make up only one-fifth of total trips. Increasing use of transit for nonwork trips would necessarily be missed by this methodology, and probably was.

3. In characterizing their journey to work, respondents were told to pick just one mode; specifically, the mode carrying them the greatest distance. For most commutes involving a car and some other mode, whether through telecommuting 2 days per week or using a park-and-ride lot, the car is likely to cover a large distance even if the other modes are of equal importance. Car trips tend to be longer than transit trips as a general rule, and using trip length to characterize a person's main mode of travel may unfairly bias the results. Is a 10-mile drive inherently more valuable than a 5-mile ride if they accomplish the same thing?

4. Other surveys show much broader use of transit than the Census might suggest. The Omnibus Household Survey, a nationwide survey of 1,000 households conducted monthly by the Bureau of Transportation Statistics, collects data on people's travel patterns. This survey shows that many Americans use more than one way to get around. While a majority stick to the very same mode day in and day out, almost 37 percent complement their typical means of travel with a different mode: For example, driving for some trips while walking for others.[3]

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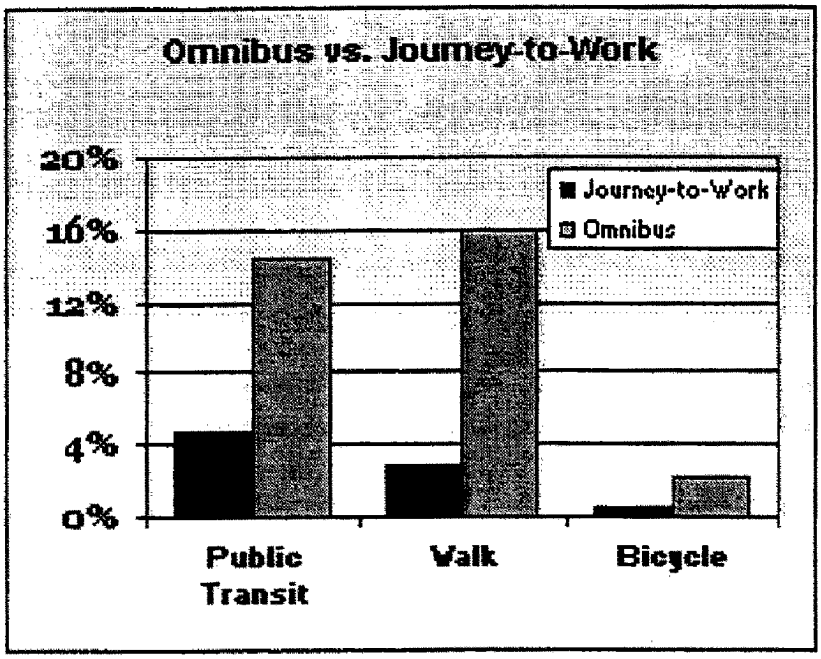
[2] U.S. Bureau of the Census, Census 2000. Journey to work question on the Census 2000 long form read as follows: "How did this person usually get to work LAST WEEK? If this person usually used more than one method of transportation during the trip, mark the box of the one used for most of the distance."

[3] Bureau of Transportation Statistics, U.S. Department of Transportation, Omnibus Household Survey, May 2002.

Figure 2. Usage Rates for Various Travel Modes, 2000 Census vs. 2002 Omnibus Household Survey



The Census Bureau reports that less than 5 percent of commuters take transit as their usual mode to work; however, the Omnibus survey finds that 14 percent of all Americans reported using transit at least once for some type of trip in the past month. (See Figure 2.) This share climbs to 22 percent when only areas where transit is available are counted. This is higher than the number of Americans who fly on a commercial airline in the average month—just 11 percent.

Although different data sources yield different results, the overall picture is relatively clear: Prior to 1994, the long-term trend in transit use was downward. This trend has since reversed itself dramatically.

Transit and Traffic Congestion

Another common denunciation of investments in transit is the lack of evidence that they have produced measurable reductions in traffic congestion. As a factual matter, this statement is largely true. But as usual, there's more to the story.

The Burden of Congestion

Although the addition of new transit service to an area rarely has a major effect on the congestion experienced by those who continue to drive, it does reduce the negative impacts of this congestion on the region as a whole. This concept is encapsulated by a metric developed by the Surface Transportation Policy Project (STPP) called the "Congestion Burden Index."[4] Simply put, this index rates each major U.S. metro areas by its Travel Rate Index (a measure of rush hour congestion calculated by the Texas Transportation Institute) and the degree to which a region's residents

[4] Surface Transportation Policy Project, *Easing The Burden*, 2001. Congestion Burden Index is calculated using the Texas Transportation Institute's Travel Rate Index and the share of travelers in each urbanized area commuting by car.

avoid this congestion by taking transit or other modes. This is illustrated by the following example.

Both the San Francisco and Detroit urbanized areas have a population around 4 million, but congestion is more intense in the San Francisco area—the Texas Transportation Institute (TTI) ranked its Travel Rate Index (TRI) second in the Nation in its 2001 Report. However, more than three times as many people in the Bay Area avoid this traffic every day by taking transit than in Detroit. As a result, the net effect of this traffic on the region actually ranks 29th out of the 68 areas studied by TTI. Detroit, by contrast, ranks 15th in the severity of congestion, but third in the burden this congestion imposes on the region's people and its economy. This is because such a large share of the region's population is subjected to congestion on the average day.

Figure 3. Congestion Severity vs. Congestion Burden, 1999, Detroit MI and San Francisco Urbanized Areas

	San Francisco, CA	**Detroit, MI**
Population	4,025,000	4,020,000
Workers Avoiding Traffic	490,000	119,000
Workers Stuck in Traffic	76%	93%
Rush Hour Traffic Rank	2	15
Congestion Burden Rank	**29**	**3**

Are Other Investments Better at Reducing Congestion?

We cannot dismiss transit because it fails to produce major reductions in congestion without first applying this test other possible transportation investments. The most popular of these among many transit skeptics is additional road building. A longitudinal analysis of congestion trends conducted by STPP shows that metro areas that have invested heavily in road building have had no more success in reducing traffic congestion than those that made relatively few investments in new road capacity.[5]

[5] Surface Transportation Policy Project, *Easing The Burden,* 2001.

Figure 4. Change in Road Capacity During the 1990's vs. 1999 Travel Rate Index, for Two Sets of U.S. Urbanized Areas

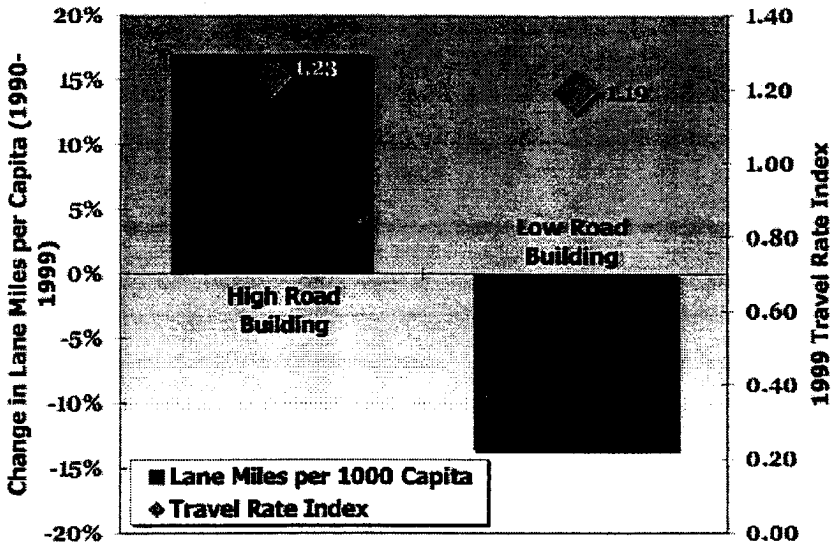


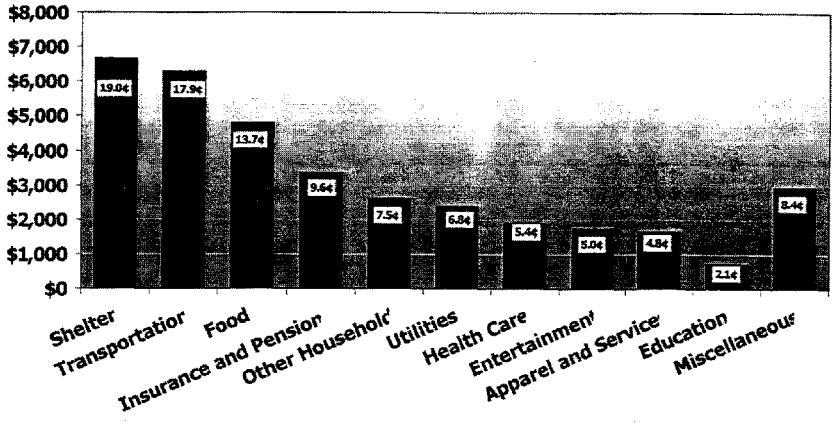
Figure 4 above compares two groups of cities tracked by TTI. The data on the left describe 23 metro areas that expanded road capacity per person most rapidly during the 1990's. Road mileage per capita in these areas grew by 17 percent during the decade. The data on the right describe 23 cities that expanded road capacity the least; road mileage per capita actually declined in these areas by 14 percent over the decade.

Regardless of these very different policy choices, traffic congestion in the two sets of cities at the end of the decade was almost undistinguishable—a TRI of 1.23 for the High Road Building cities vs. 1.19 for the Low Road Building cities. In addition, the change in rush hour delay over this period, as measured by increases in a city's TRI, was similar for both groups, rising 7.2 percent in the Low Road Building group and 6.5 percent in the High Road Building group.

Transit Costs Money, But So Does Not Having Transit

Public sector spending for transportation is a minority of total transportation spending. Household and business spending dwarfs government spending by almost five to one. For many years, transportation was the third largest category of expenditures in the average household budget, behind shelter and food. In recent years, however, transportation surpassed food to become the second largest household expense. The Commerce Department's Consumer Expenditure Survey shows that transportation consumes 18 percent of the average family's budget. (See Figure 5.)

Figure 5. Major Categories of Household Expense, 1998–1999



Families with Few Travel Choices Face Higher Costs

Household transportation costs are not the same for everyone. They vary widely by region, and this variation is heavily influenced by access to good quality transit service. Among major U.S. metro areas, family costs are highest in Atlanta, Houston, and other sprawling cities with low transit usage rates. Families in these two areas spend nearly 22 percent of their budgets on transportation. By contrast, costs are low in New York, Chicago, and other cities with greater travel choices. Families in these two areas spend less than 15 percent of their household budgets on transportation.[6] (See Figure 6 for a ranking of major cities.)

[6] U.S. Department of Commerce, 1998–1999 Consumer Expenditure Survey, as reported in *Driven To Spend,* Surface Transportation Policy Project, 2000.

Figure 6. Household Transportation Expenditures, Major U.S. Metropolitan Areas, 1998

Rank	Metro Area	Transportation Expenditures	Transportation Spending as Percent of Expenditures
1	Houston-Galveston-Brazoria, TX	$8,840	22.1%
2	Atlanta, GA	$8,513	21.7%
3	Dallas-Fort Worth, TX	$8,417	19.7%
4	Miami-Fort Lauderdale, FL	$6,684	19.0%
5	Detroit-Ann Arbor-Flint, MI	$8,710	18.8%
6	Minneapolis-St. Paul, MN-WI	$8,683	18.4%
7	Phoenix, AZ	$8,026	18.2%
8	Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD	$6,904	18.1%
9	Kansas City, MO-KS	$8,438	18.1%
10	Tampa-St. Petersburg-Clearwater, FL	$5,864	17.8%
11	Anchorage, AK	$8,770	17.7%
12	St. Louis, MO-IL	$6,489	17.6%
13	Cleveland-Akron, OH	$8,384	17.5%
14	Pittsburgh, PA	$6,331	17.5%
15	Los Angeles-Riverside-Orange County, CA	$7,224	17.4%
16	Denver-Boulder-Greeley, CO	$7,361	17.2%
17	Seattle-Tacoma-Bremerton, WA	$7,387	17.1%
18	Portland-Salem, OR-WA	$6,848	16.8%
19	Cincinnati-Hamilton, OH-KY-IN	$6,715	16.7%
20	Milwaukee-Racine, WI	$5,800	16.0%
21	San Diego, CA	$6,816	15.8%
22	Washington, DC-MD-VA	$7,207	15.4%
23	Boston, MA-NH	$5,736	15.0%
24	San Francisco-Oakland-San Jose, CA	$7,150	15.1%
25	Chicago-Gary-Kenosha, IL-IN-WI	$5,436	14.9%
26	Baltimore, MD	$5,236	14.7%
27	New York-No. New Jersey-Long Island, NY-NJ-CT-PA	$5,956	14.5%
28	Honolulu, HI	$6,136	14.4%

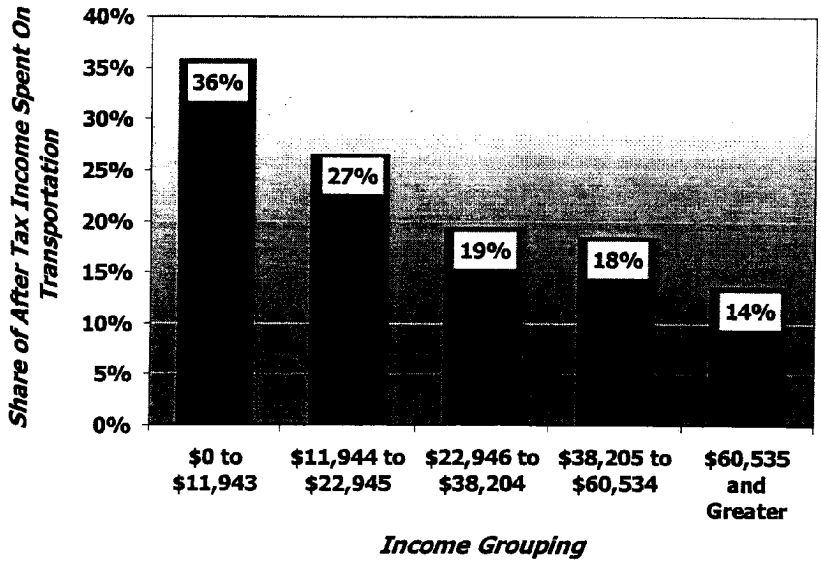
These benefits are not entirely free. In metro areas with large transit systems, such as New York, families do pay higher taxes to support these systems, and some of these taxes are not counted by the Consumer Expenditure Survey as transportation expenditures. But these taxes do not come close to outweighing the almost $2,900 in annual savings the average New York areas family achieves when compared to the average Houston area family.

In the New York metro area, public spending on transit in 1998 amounted to about $5.1 billion, or $655 per household. It was just $413 million in Houston, or $250 per household. In New York, transit costs taxpayers about $400 per household per year more than it does in Houston, but even after accounting for this difference, Houston families are still paying $2,500 more per year for transportation, even when the full cost of transit is included.

Poor Families Are Hit Hardest By High Transportation Costs

Car ownership can often be a cruel poverty trap. Owning even an old car can be expensive, and transportation costs can become a heavy burden for low-income families, particularly when investments have not been made in transit and reliable service is not available.

Figure 7. Household Transportation Costs, as a Share of After Tax Income, by Income Quintile, 1998–1999 (Excludes Air Travel)



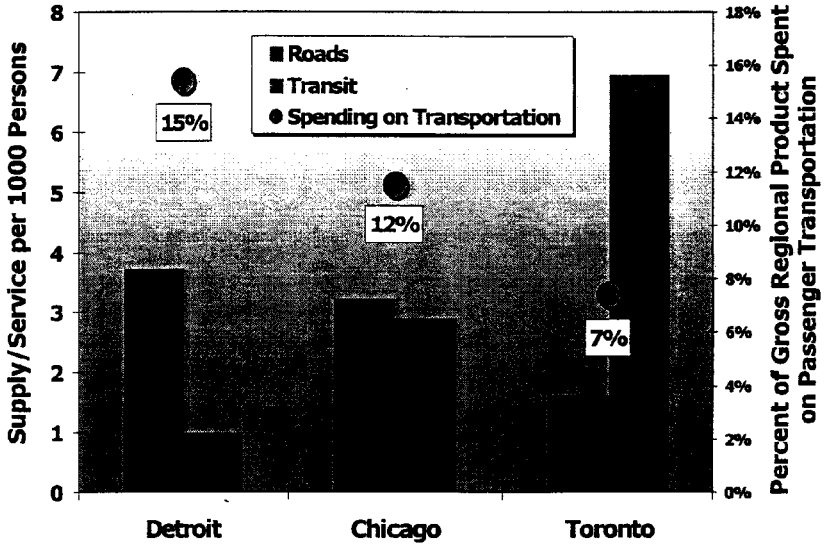
As Figure 7 above shows, families in the lowest income quintile spend as much as 36 percent of the take-home income on transportation, a higher share than any other income group.[7] Most of this money is spent on the car. The average car costs over $6,000 per year to own and operate,[8] but even the oldest car can cost $3,000 per year in insurance, fuel, repairs, and many other miscellaneous expenses. By contrast, transit costs are much lower, usually $800 to $1,500 per worker per year. On a fixed income, this can be the difference between staying in poverty and finding a better life.

Regions That Invest in Transit Spend Less Overall

Our current level of spending on transportation, when both governmental and nongovernmental costs are accounted for, is high both by historical standards and when compared to other industrialized countries. One multiyear study found that the share of Gross Regional Product (GRP) spent on passenger transportation in U.S. metro areas is 75 percent higher than in European metro areas, and more than double that of wealthy Asian metro areas.[9]

[7] Ibid.
[8] American Automobile Association.
[9] Newman and Kenworthy, *An Inernational Sourcebook of Automobile Dependency In Cities, 1960–1990.*

Figure 8. Highway Supply and Transit Serivce Per 1,000 Persons vs. Gross Regional Product Spent on Passanger Transportation



These differences have many causes, but public investment in transit is a major factor. Figure 8 compares three Great Lakes cities that have taken different paths with regard to transit investments.[10] By restricting this comparison to only North American cities, we can be confident that factors such as high gasoline prices in Europe and Asia do not influence the results.

Of these three areas, the Detroit metro region has invested least in transit, and it uses a relatively high 15 percent of its Gross Regional Product (GRP) on passenger transportation. Chicago, with an extensive rail system, robust bus service, and relatively fewer road miles per person, uses only 12 percent of its GRP on passenger transportation.

In contrast to both U.S. cities, Toronto has invested major resources in a wide variety of rail and bus services, while building relatively few roads. (Toronto was the site of major antifreeway protests in the 1970's that led to cancellation of several major freeway segments and the shifting of highway funds to new rail service.) As a result, it spends a very low 7 percent of its GRP on passenger transportation.

Because of the choices that this area has made about transportation, both its citizens and its governments have money available to spend on other things, from education to health care to entertainment to housing. Too many U.S. regions do not have this option.

The Policy Choice Before Us

The transit skeptics make a convincing case that transit is not now and is not likely to become a dominant mode of travel in the United States. This is true. However, this fact does not resolve the question of where the next dollar of public funds should go. Because we have made massive public investments in the county's highway system, each additional dollar spent to expand this system still further delivers relatively fewer benefits than the investments made in earlier years. By contrast, in most areas of the county our transit systems are small by comparison, and the marginal benefit of adding service can still be high.

[10] Surface Transportation Policy Project, *Driven To Spend,* 2000.

Further, we must recognize not just the cost of transit, but the opportunity cost of not providing it. When broader social costs are considered, transit is a bargain.

Conclusions

The broad range of publicly available data relating to the costs and benefits of transit allows us to draw the following conclusions.

1. After years of decline, transit ridership began a period of rapid growth in the mid-1990's. In the last 5 years, transit use has grown 22 percent while driving grew just 11 percent, an unprecedented reversal of the pattern seen for more than a half-century.
2. This period of growth coincides with a period of increased investment in transit due in large part to the reforms adopted in ISTEA and continued in TEA–21.
3. These public investments are reducing the burden that congestion places on our major metropolitan areas by giving more people the chance to avoid congestion.
4. Because we failed to invest adequately in transit for many decades, our families and businesses are forced to spend heavily on transportation
5. These high transportation costs hit poor families the hardest.
6. Good transit service costs money, but this cost is offset by its many benefits. And it is far less than the costs we will be forced to continue bearing if further investments in transit are not made.

Mr. Chairman, thank you for this opportunity to appear before the Committee.

PREPARED STATEMENT OF DAVID WINSTEAD

CHAIRMAN, TRANSPORTATION COALITION, MARYLAND CHAMBER OF COMMERCE
ON BEHALF OF THE U.S. CHAMBER OF COMMERCE

OCTOBER 8, 2002

Mr. Chairman, Ranking Member Gramm, Members of the Committee, thank you for allowing me to appear before you today to discuss the importance of transit in our Nation's rural and urban areas. I am David Winstead, Chairman of the Transportation Coalition at the Maryland Chamber of Commerce. I appear before the Committee on behalf of the U.S. Chamber of Commerce, which is the world's largest business federation representing more than three million companies and organizations of every size, sector, and region. My testimony will address the importance of a national, seamless transportation network that meets the mobility needs of moving people in urban and rural areas.

The Importance of Transportation Infrastructure Investment

For the Nation and for the State of Maryland, investment in our Nation's transportation system is critical to our future economic growth, international competitiveness, quality of life and national security. Our transportation system has supported the Nation's strong economic performance. Our ″just-in-time″ supply chain mindset demands that we move our people and freight faster than any country in the world. Unfortunately, our transportation infrastructure system is ill-prepared to handle the higher and higher volumes of people and freight.

Public transportation is taking on an increasingly important role in America's multimodal transportation network. Americans used public transportation a record 9.5 billion times in 2001, and transit ridership has grown 23 percent since 1995. This represents the highest level in more than 40 years. Over the last 6 years, transit use has grown faster than population growth. Fourteen million Americans use public transportation every day and 25 million people use transit on a regular basis. Supplementing commuter rail, the passenger and intercity bus industry serves more than 4,000 communities directly with scheduled service.

These ridership gains are directly attributable to the significant Federal investments in public transportation made in the Transportation Equity Act for the 21st Century (TEA–21), as well as the guaranteed funding under TEA–21. TEA–21 authorized $41 billion for public transportation, and guaranteed $36 billion, a significant increase over the previous Intermodal Surface Transportation and Efficiency Act (ISTEA) authorization. Investments have been made nationwide for bus capital; modernization, upgrade, and replacement of capital facilities; rural public transportation; and specialized services. These TEA–21 funds have supported a renaissance in public transportation ushering in a new era of interconnected transportation services and facilities.

Projects that are Making a Difference

In Maryland, TEA–21 authorized $120 million for the Baltimore Central Light Rail Double Track Project. This is a vital puget for the city of Baltimore and surrounding counties. Construction for the Light Rail project is underway and will be completed by Spring 2006.

In Washington State, TEA–21 funds are being used for the Sound Transit's Central Link, a 24-mile light rail system slated to open in 2006. The light rail system will link Sea-Tac Airport to Seattle's University District via the city's business district. Central Link is a crucial element of a regional mass-transit system approved by voters, including express buses, commuter trains, HOV lanes, park-and-ride lots, and transit centers throughout the central Puget Sound area.

Dallas also has benefited from TEA–21 investments. Carrying nearly 40,000 riders daily, the Dallas Area Rapid Transit (DART) light rail system has been one of the fastest growing in the Nation. To meet current and projected demand, DART has begun building extensions to suburban Garland and Plano. The new lines, secured with a Federal Full Funding Grant Agreement, will add 23 miles, more than doubling the existing system.

Public Transportation Pays Off

Across America, the investment in public transportation is paying off. For each $1 billion in Federal capital funds, 47,500 jobs are created and businesses experience a $3 billion gain in sales. Transportation accounts for approximately 17 percent of our Gross Domestic Product, and for American families transportation represents 18 percent of their household spending, the second largest household expenditure after housing.

Without a strong TEA–21 program, we will feel the consequences of a sub par system—congestion, decreased productivity, more accidents, and diminished quality of life. The cost of road congestion to the U.S. economy was nearly $78 billion in 1999—more than triple what it was 20 years ago!

Funding Requirements Not Meeting Demand for Public Transportation

U.S. Department of Transportation (DOT) data show that a minimum $50 billion per year Federal investment to improve and maintain the current physical conditions to meet the demands of the Nation's highways and bridges. DOT estimates that $20.6 billion in capital investment is needed annually just to maintain and improve current public transit services. Inflated to 2003 dollars, and using ridership estimates consistent with current experience, brings that number into the $30 billion range. Indeed, the American Association of State Highway and Transportation Officials (AASHTO) "Bottom Line" Report indicates an annual transit need of $43.9 billion to improve the transportation system. We currently spend $7 billion a year. To meet these current challenges, we must invest our limited resources in a better, more efficient manner. We must look at innovative financing and public-private partnerships to supplement the Federal user fee system.

Americans for Transportation Mobility

Last summer the U.S. Chamber helped launch a new coalition called Americans for Transportation Mobility, or ATM. ATM is a broad-based organization of transportation users and providers, State and local organizations, and State and local government officials. The coalition has more than 350 organizations whose objective is simple: To build public and political support for a safer and more efficient transportation system. We hope to achieve our objective through a two-pronged approach: (1) Ensuring that Congress fully dedicates Federal transportation trust fund revenues for their intended purpose; and (2) accelerate the project review process by removing redundancies. All the money in the world will not help if we are not efficient in the planning and approval for much-needed improvement projects.

For the first time, the business and labor communities have joined together in educating lawmakers on the importance of improved mobility and safety to future economic growth. Without meeting the mobility needs for the movement of people and goods, our Nation will not achieve the economic success and quality of life it demands. The ATM coalition looks forward to working with this Committee in ensuring that adequate investments are made over the next several years in our transportation network.

Chamber's TEA–21 Reauthorization Policy Principles

Over the past year, the U.S. Chamber's Transportation and Logistics Committee has formulated its TEA–21 reauthorization policy principles. A copy of our nine-point agenda is attached. The Chamber strongly advocates that TEA–21 reauthorization recognize the multimodal nature of the Nation's transportation network and strive to improve mobility and competitiveness within the network.

The Highway Trust Fund has a significant unobligated balance of $20 billion that is not being spent for transportation projects. Our Nation needs to spend all revenues collected into the Highway Trust Fund for surface transportation investment and look at public-private partnerships where feasible and equitable. The Federal Government collects user revenues into the Highway Trust Fund for transportation infrastructure maintenance and improvements. With our Nation continuing its economic recovery, now is the time to utilize the unobligated balance to ensure the safety and security of our Nation's transportation system, as well as prevent the unnecessary loss of family wage jobs.

Furthermore, we need to find ways to accelerate project delivery once the decision is made to maintain and to improve our transportation infrastructure. Due to the complicated permit review process; it takes an average of 10 years to complete the permit process for a new transit project. We want to see the permit process streamlined so that there will not be repeated delays in construction of our public transit system.

During reauthorization of TEA–21, we will advocate that all transportation fuel taxes should be placed to the Highway Trust Fund that was set up to pay for the maintenance and improvement of the system. The U.S. Chamber believes that ethanol should be taxed at the same rate as gasoline and that the 2.5 cents per gallon of the ethanol tax that is currently paid into the General Fund should be transferred to the Highway Trust Fund with an 80/20 split into the Mass Transit Account. That is why it is of critical importance to ensure the investment of all Highway Trust Fund revenues into much needed surface transportation programs.

The Chamber will continue to review various proposals that could provide additional resources to the surface transportation program. We must fully utilize all current funding mechanisms before looking at new funding options but the Chamber's overall priority is to have the Federal Government invest in a surface transportation system that meets the demands placed by both business and the public at large.

The Chamber also will continue to support the distribution of revenues collected into the Highway Trust Fund at 80 percent for highways and 20 percent for transit. We believe this is a fair and equitable way to distribute the Highway Trust Fund revenues and would oppose any change in this distribution.

Fiscal Year 2003 Transportation Appropriations

We applaud the Senate Appropriations Committee that has recently approved a Fiscal Year 2003 Transportation Appropriations bill that would fund transit at record levels. The Senate Appropriations Committee also fully restored a proposed $8.6 billion reduction to the Federal highway program. Restoring the highway funding to the current fiscal year 2002 level of $31.8 billion is important as many States chose to flex some program funds for transit programs. In fact, more than $1 billion in highway program funds has been flexed to transit programs in each of the last 6 years. We urge this Committee to support fully funding the public transit programs, as well as restoring the Federal highway program funding to $31.8 billion. A full restoration is critical to ensure continued strong growth in the surface transpor-tation program and to serve as the baseline for TEA–21 reauthorization.

Conclusion

In closing, the U.S. Chamber will continue to advocate increased spending on transportation infrastructure and streamlining of environmental review process. We will play an active and aggressive part in advancing a transportation agenda that strengthens our national transportation system. We are living in a new world that requires new thinking and approaches to transportation that should be characterized by changed behaviors and measurable results. We will remind the public and Congress that infrastructure is not disposable—it is a strategic asset that must be renewed and protected.

The impact of doing nothing will be increased congestion, decreased safety on our roads, and setbacks in our ability to improve air quality. The U.S. Chamber and chambers throughout the Nation look forward to working with Congress and the President to bring about continued, predictable investment in our Nation's transportation system in TEA–21 reauthorization. Investment in our national transportation system will ensure we remain a leader in the global marketplace.

Thank you, and I am happy to answer your questions.

U.S. CHAMBER OF COMMERCE

Transportation Infrastructure & Logistics Committee

RECOMMENDATIONS TO CONGRESS ON TEA-21 REAUTHORIZATION

- Federal policies must recognize the link between our nation's transportation infrastructure and jobs, economic development, global competitiveness, safety, quality of life, and national security.

- The intermodal nature of the nation's transportation network should be improved by enhancing connections among all transportation systems to improve mobility and competitiveness.

- All highway user fees must be deposited into the Highway Trust Fund and spent exclusively on authorized transportation purposes. Congress must maintain the current guaranteed budget firewalls.

- Any increase in highway user fees should only be considered when all Highway Trust Fund revenues are fully utilized for their intended purpose of transportation infrastructure maintenance and improvement.

- The federal government must streamline the project review and approval process to ensure the completion of transportation infrastructure improvements in a timely and environmentally sound manner in order to meet surface transportation needs.

- A strong cooperative relationship among federal, state, and local governments is necessary to identify and meet transportation infrastructure needs.

- Transportation capital needs far exceed available public funding. Therefore, support for initiatives that foster public-private partnerships should be expanded to finance, build, and manage transportation projects, where feasible and equitable.

- Cost-benefit analysis should be applied to all policy objectives. Congress should ensure that these standards and other regulations are cost-effective to consumers and economically practical for industry.

- Federal transportation construction funds should not be withheld from state and local governments for failure to enforce policy mandates.

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RESPONSE TO WRITTEN QUESTION OF SENATOR SARBANES FROM JENNIFER L. DORN

Q.1. Administrator Dorn, in your response before the Committee, you indicated that annual capital investment needs for rural operators over the next 20 years are estimated to be $241 million to maintain the conditions and performance of those systems. What is the estimated cost to improve conditions and performance of rural operators? I am also interested in knowing how these estimates were generated. Does the Federal Transit Administration regularly collect data on rural ridership, vehicle conditions, service areas, and other relevant measures? If not, what is the basis for the estimate of rural needs?

A.1. The capital investment requirements for rural operators are estimated to be $782 million in 2000 dollars to improve conditions and performance to an average level of "good." FTA does not regularly collect data on rural ridership, vehicle condition, and other pertinent measures. For this report, FTA uses data on rural transit collected through surveys by the Community Transportation Association of America (CTAA). The most recent survey was in 2000; the previous survey was conducted in 1994. These data include the number and age of rural transit vehicles, according to vehicle type, such as buses classified according to size or vans.

Investment requirements for rural areas presented in the current Conditions and Performance Report were based on the data collected by CTAA in 2000. Requirements were determined by estimating the number of vehicles that will need to be replaced in each year over the 20-year investment period, and multiplying the total number of vehicles in each category by an estimated average vehicle purchase price. Average purchase prices were based on information reported to FTA by transit operators for vehicle purchases made between 1998 to 2000.

The number of rural vehicles that will need to be purchased to maintain or improve conditions is calculated by dividing the total number of each type of vehicle by its replacement age, with different assumptions made about the replacement ages required to maintain or improve conditions. The replacement age to maintain conditions is assumed to be higher than the industry recommended replacement age because surveys have revealed that transit vehicles are often kept beyond their recommended useful life. The maintain conditions replacement age is calculated by multiplying the industry recommended replacement age for each vehicle type by the ratio of the average age to the industry recommended age of large buses. The replacement age to improve conditions is assumed to equal the industry-recommended replacement age.

The improve conditions scenario also assumes additional vehicle purchases in the first year to eliminate the backlog of overage vehicles. The number of vehicles necessary to improve performance was estimated by increasing fleet size by an average annual rate 3.5 percent over the 20-year projection period. The 1994 study by CTAA, and more recent studies examining rural transit investment requirements in five States, identified considerable unmet rural transit needs in areas where there is either no transit coverage or substandard coverage. The assumed 3.5 percent growth to fulfill

these unmet rural investment requirements is less than half the 7.8 percent average annual increase in the number of rural vehicles in active service between 1994 and 2000, but is believed to be sufficient since the population of rural areas is declining. Between 1990 and 2000, the population in areas with less than 50,000 inhabitants decreased by 3.4 percent.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM JENNIFER L. DORN

Q.1. You mention in your testimony that the level of State and local investment in transit has increased. Do you believe that growth is due to the sizable increase in Federal funding available for transit and would local and State investment continue to grow if the Federal Government reduced its funding levels?

A.1. The absolute level of State and local investment in transit has increased, along with the absolute level of investment by the Federal Government. Furthermore, State and local funding for capital investment grew at a more rapid rate (9.7 percent average annual increase) than Federal funding for capital investment (5.0 percent average annual increase) between 1990 and 2000. However, the Conditions and Performance Report provides no basis on which to determine whether the increase in Federal funding contributed to an increase in both State and local funding. Further, we have no basis on which to predict the effect of a hypothetical decrease in Federal funding on State and local investments in transit. We believe, however, that the growth in local capital investment is a strong indicator of the community awareness of the benefits of public transportation.

Q.2. The Conditions and Performance Report uses a 1.6 percent annual growth to develop its funding need. What would investment needs be if you assumed a rate of growth similar to that experienced over the life of TEA–21?

A.2. Passenger miles traveled (PMT) on transit were 40.1 billion in 1997, 41.6 billion in 1998, and 45.1 billion in 2000. The average annual increase in PMT over this period was about 4 percent. (Data for 2001 is not yet available.)

If PMT were to increase by 4 percent annually between 2001 and 2020, the average annual transit investment requirements would be $22.5 billion to maintain conditions and performance and $28.1 billion to improve conditions and performance.

Q.3. In response to a question from Chairman Sarbanes regarding "New Starts" matching requirements, you mentioned that on average both highway and transit capital projects receive 50 percent of their funding from the Federal Government and 50 percent from the localities and States. Could you provide the Committee with the specific source or analysis behind that claim?

A.3. As of Spring 2002, there were 30 projects under full funding grant agreements with an aggregate cost of $19.2 billion; the aggregate Federal commitment to these projects is $9.46 billion (46 percent). According to the National Transit Database, a data source for the upcoming Conditions and Performance (C&P) Report, in

2000 Federal funding for transit capital expenditures was $4.3 billion (47.2 percent of the total) and the State and local funding $4.9 billion (52.8 percent of the total)?

According to Highway Statistics 2000, also used for the C&P Report in 2000, the Federal Government contributed $25.8 billion to highway capital outlay (39.9 percent of the total capital outlay) and State and local governments contributed $38.9 billion (60.1 percent of the total capital outlay).

STATEMENT OF THE AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION (ARTBA)

President Ronald Reagan Radio Address to the Nation on Proposed Legislation for a Highway and Bridge Repair Program November 27, 1982

"One of our great material blessings is the outstanding network of roads and highways that spreads across this vast continent. Freedom of travel and the romance of the road are vital parts of our heritage, and they helped to make America great. Four million miles of streets and roads make it possible for the average citizen to drive to virtually every corner of our country—to enjoy America in all its beauty and variety. They also form a vital commercial artery unequaled anywhere else in the world.

"Our interstate system has reduced by nearly a day and a half the time it takes to drive coast to coast. And more efficient roads mean lower transportation costs for the many products and goods that make our abundant way of life possible. But let's face it: Lately, driving isn't as much fun as it used to be. Time and wear have taken their toll on America's roads and highways. In some places the bad condition of the pavement does more to control speed than the speed limits.

"We simply cannot allow this magnificent system to deteriorate beyond repair. The time has come to preserve what past Americans spent so much time and effort to create, and that means a nationwide conservation effort in the best sense of the word. America can't afford throwaway roads or disposable transit systems. The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost.

"So I am asking the Congress when it reconvenes next week to approve a new highway program that will enable us to complete construction of the interstate system and at the same time get on with the job of renovating existing highways. **The program will not increase the Federal deficit or add to the taxes that you and I pay on April 15th. It'll be paid for by those of us who use the system, and it will cost the average car owner only about $30 a year.** That is less than the cost of a couple of shock absorbers. Most important of all, it'll cost far less to act now than it would to delay until further damage is done. . .

"Common sense tells us that it'll cost a lot less to keep the system we have in good repair than to let it crumble and then have to start all over again. Good tax policy decrees that wherever possible a fee for a service should be assessed against those who directly benefit from that service. Our highways were built largely with such a user fee—the gasoline tax. I think it makes sense to follow that principle in restoring them to the condition we all want them to be in.

"So, what we're proposing is to add the equivalent of 5 cents per gallon to the existing Federal highway user fee, the gas tax. That hasn't been increased for the last 23 years. **The cost to the average motorist will be small, but the benefit to our transportation system will be immense.** The program will also stimulate 170,000 jobs, not in make-work projects but in real, worthwhile work in the hard-hit construction industries, and an additional 150,000 jobs in related industries. It will improve safety on our highways and will make truck transportation more efficient and productive for years to come.

"Perhaps most important, we will be preserving for future generations of Americans a highway system that has long beeb the envy of the world and that has truly made the average American driver king of the road. . ."

Introduction

Thank you very much for providing the American Road and Transportation Builders Association (ARTBA) an opportunity to submit testimony on public transportation investment needs and to present its recommendations for the reauthorization of the Federal highway and mass transit programs.

ARTBA marks its 100th anniversary this year. Over the past century, its core mission has remained focused on aggressively advocating Federal capital investments to meet the public and business community's demand for safe and efficient transportation. The transportation construction industry ARTBA represents generates more than $200 billion annually to the Nation's Gross Domestic Product and sustains more than 2.5 million American jobs. ARTBA's more than 5,000 members come from all sectors of the transportation construction industry. Thus, its policy recommendations provide a consensus view.

ARTBA has long recognized public transportation as an integral and vital component of the Nation's surface transportation system. Transit programs play a critical role in improving the Nation's economy, quality of life, and mobility. In order to continue the improvements that have been made under ISTEA and TEA–21 and to meet performance goals for the overall surface transportation system, dramatic increases in Federal transit capital construction investment are needed.

ARTBA believes the Federal role in mass transit program financing should be limited to design and construction of transit facilities. Other transit investments, for rolling stock, maintenance and operations, are more appropriately the responsibility of State and local governments. For this reason, we believe the provision of law that encourages systems to "capitalize" maintenance activities should be eliminated. It simply transfers scarce resources away from critical modernization, rehabilitation, and development activities.

Federal Transit Administrator Jenna Dorn told the Committee this morning that an average annual investment of $14.84 billion in 2000 dollars by all levels of government would be needed during the next 20 years just to maintain transit conditions and performance. In recent years, the Federal transit program accounted for about half of all transit capital investment. This implies that a Federal transit program during the next 6 years averaging $7.4 billion per year would be sufficient to maintain transit conditions and performance.

There are a number of reasons why this figure greatly understates the required Federal investment in mass transit during the next 6 years.

The figure is stated in year 2000 constant dollars. Planning a future investment requires taking into account projected future inflation, which will add significantly to the investment required. The U.S. Government Budget for fiscal year 2003 estimates the inflation rate will be 2.4 percent per year for the rest of this decade.

While the Federal transit program accounts for half of transit capital investment, capital investment represents only a fraction of total transit funding. One out of every four Federal transit dollars is used for noncapital purposes, such as operating subsidies in small communities, FTA administrative expenses and research. When computing the appropriate size of the Federal transit program, these additional funds must be taken into account.

When these two factors are applied to identified transit capital investment requirements, the result is the need for a Federal transit program that averages almost $11 billion over the 6-year period fiscal year 2004–2009.

It is important to understand that the U.S. DOT Conditions and Performance Report applies to existing mass transit systems. It does not address the need for new systems. The demand for new fixed guideway transit systems is enormous and is growing. There are dozens of projects moving through the new starts evaluation process, many receiving "recommended" or even "highly recommended" status, yet there is no available Federal funding. A Federal mass transit program that focuses solely on maintaining existing conditions and performance would gravely underfund transit needs.

Finally, the model used in this report assumes a "modest" 1.6 percent annual ridership increase. This figure does not keep pace with recent trends in transit passenger miles, and does not reflect data contained in the Executive Summary to the 2002 U.S. DOT Conditions and Performance Report. The summary found an increase in transit passenger miles of 24.5 percent between 1993 and 2000, which is an average of about 3 percent annually—nearly double the ridership projections contained in the report. The model's projected ridership growth is also inconsistent with the findings of the American Association of State Highway and Transportation Officials (AASHTO) in its recently released "Bottom Line Report." AASHTO found ridership has been growing at 3.5 percent annually.

The AASHTO Report also found that—assuming 1.6 percent per year ridership growth—$18.9 billion would be needed annually from 2004 to 2009 to maintain the transit system. This is $4.1 billion more per year than the Conditions and Performance Report's stated need just to maintain transit.

These discrepancies suggest the investment scenarios and requirements contained in 2002 U.S. DOT Conditions and Performance Report are significantly understated.

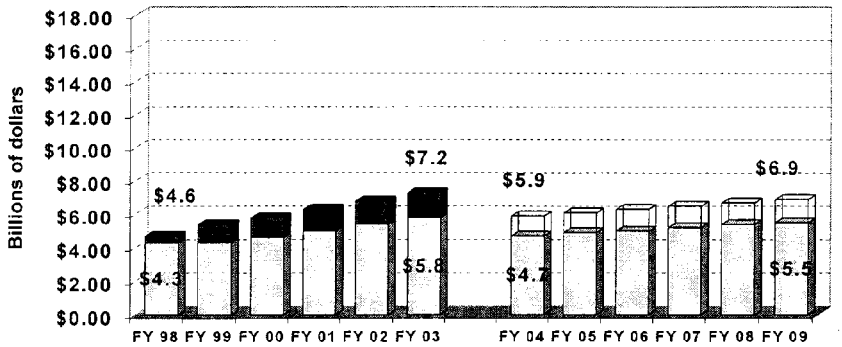
Existing Revenue Options

Financing a $60 billion Federal highway program and a $14 billion mass transit program will require more revenues than highway users are currently projected to pay into the Highway Trust Fund during the next 6 years. Based on information such as current highway user fees, expected population growth, number of drivers, vehicle miles traveled and other factors, the Congressional Budget Office and the U.S. Department of the Treasury currently project that revenues into the Highway Trust Fund Mass Transit Account will grow from $4.5 billion in fiscal year 2004 to

$5.5 billion in fiscal year 2009. Projected revenue growth between now and fiscal year 2009 will thus be *far less than needed* to meet mass transit investment requirements during the next 6 years.

Nearly 2 years ago, ARTBA proposed a number of options for enhancing Highway Trust Fund revenues. These include: Spending down the current cash balance; indexing the motor fuels excise taxes for inflation; crediting interest on the Highway Trust Fund balances; eliminating fuel tax evasion; and expanding innovative financing programs. If *all* of these revenue enhancements were enacted by Congress, revenues would still be far below the level necessary to meet the projected needs.

Fig. 1 - Mass Transit Program Funding Under Current Revenue Projections



Whether Congress will, in fact, adopt any, or all, of these options is at this point a matter of conjecture.

What is abundantly clear is that a minimally adequate Federal highway and mass transit investment after TEA–21 will require significant new revenues, beyond these options.

The main sources of funds for Federal highway and mass transit investment are the fees paid by highway users in the form of excise taxes on motor fuels—gasoline, diesel fuel, and gasohol. *Each penny of the motor fuels excise taxes currently generates over $1.7 billion per year,* with about $1.4 billion being deposited into the Highway Account of the Highway Trust Fund and $350 million deposited into the Mass Transit Account.

ARTBA has endorsed an increase in highway user fees as needed to maintain current structural, safety and traffic mobility conditions on the Nation's highways, bridges, and transit systems. But highway users should not be asked to pay any more than absolutely necessary. The proposal we have outlined here is designed to provide the necessary level of Federal highway and mass transit investment during the next 6 years at the minimum cost to highway users

"Two Cents Makes Sense"—A Funding Proposal to Meet the Investment Requirements Outlined by the U.S. Department of Transportation, AASHTO, and APTA

On July 16, 2002, ARTBA announced a needs-based financing proposal for TEA–21 reauthorization—"Two Cents Makes Sense." The financing plan is a refinement of the funding recommendations ARTBA published in March 2001.

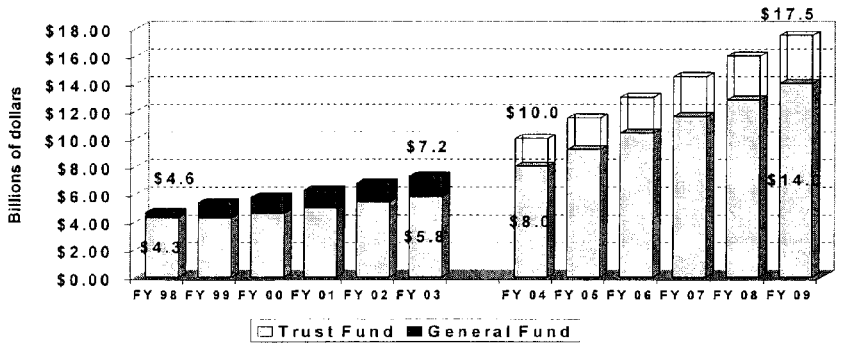
The "Two Cents Makes Sense" plan would provide the revenue stream necessary to double the annual Federal investments in highways—to $60 billion—and mass transit—to $14 billion—by fiscal year 2009. *This proposal is the only one currently being discussed that would grow Federal highway and public transportation investment during the next authorization period to the level the U.S. Department of Transportation (USDOT), the American Association of State Highway and Transportation Officials (AASHTO) and the American Public Transportation Association (APTA) Report is the minimum needed just to maintain current safety, traffic congestion, and structural conditions.*

The "Two Cents Makes Sense" plan would provide steady, predictable, and manageable Federal highway program increases—in $5 billion increments—from $35 billion in fiscal 2004 to $60 billion in fiscal 2009. Federal transit investment would

increase under our proposal by $2 billion in fiscal year 2004 and then $1 billion annual increments. This would be achieved through:

- *more efficient cash management* of Highway Trust Fund (HTF) revenues; and
- a *small, annual adjustment in the Federal motor fuels excise user fee rate* to assure the revenue stream necessary to cover the Government's cash outlay in that year for the highway and transit programs.

Fig. 2 - Mass Transit Program Funding Under ARTBA "Two Cents Makes Sense" Proposal



Our proposal is a *logical evolution* of the concept embraced by Congress in TEA–21 of directly linking annual highway investment to the user fee revenue stream.

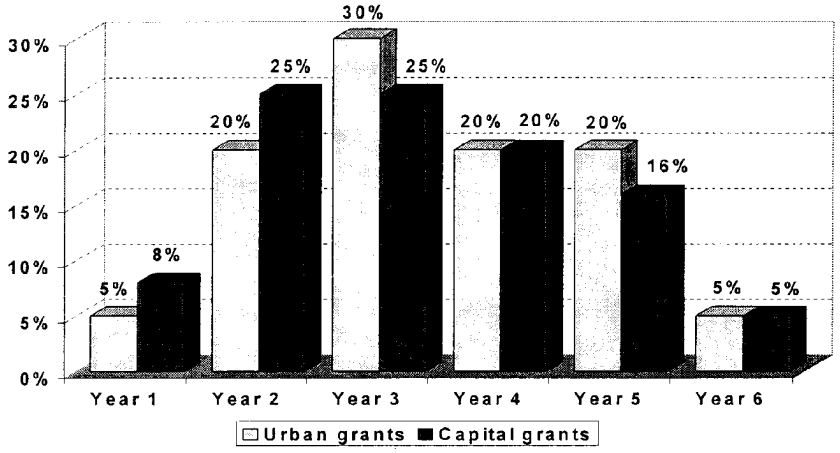
Under our proposal, the TEA–21 budget firewalls and protections would be maintained. This would include annual funding guarantees in the authorization legislation and the budgetary protections for the highway and mass transit programs, including the separate budget categories and the point of order in the House Rules that can be raised against legislation that would reduce the guaranteed funding.

More Efficient Cash Management of Highway Trust Fund Revenues

Under TEA–21, as has been the case for several decades, *the Federal Government has been collecting more highway user revenue each year than it actually needs to pay the annual bills*—or outlays—for the highway and transit programs. As a result, this money is being "warehoused" for a number of years before it is actually spent. That's why the trust fund balance continues to balloon. Here's how it happens:

Based on years of analysis, the White House Office of Management & Budget and the Congressional Budget Office have determined Federal mass transit funds spend out over an average of 6 years. This spend out rate is unique among Federal programs. Unlike the case with virtually every other Federal program, of every dollar obligated during a fiscal year for the Federal transit capital grants program, only 8 cents will actually have to be paid out of the HTF Mass Transit Account during the first year. The next year, 25 cents will be paid, followed by 25 cents the third year, 20 percent in the fourth year, 17 percent the fifth year, and 5 percent the sixth year. (See Figure 3.)

Fig. 3 - Spend-Out Rates for Transit Capital Programs



This "lag" between collection of user fee revenue from motorists and truckers to actual *complete* spend out of those revenues causes the significant annual growth in the Highway Trust Fund balance. Absent changes, the Highway Trust Fund's Highway Account balance would grow steadily through fiscal year 2010.

ARTBA proposes to correct this inefficient money management by returning the Federal highway program to a true "pay-as-you-go" approach.

Returning to a True "Pay-As-You-Go" Approach

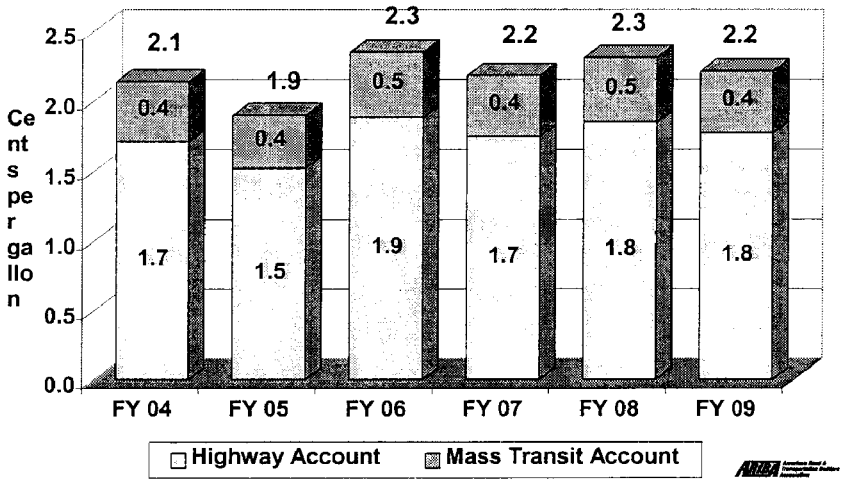
In the reauthorization, Congress would set annual investment targets to work toward accomplishing *needs-based performance results.* Under our proposal, Federal mass transit investment would double by fiscal year 2009. Once these authorization levels are established, the Congressional Budget Office would determine the annual cash outlay needed to fund the new authorization, plus remaining past authorizations.

The reauthorization legislation would also include authority for an annual adjustment of the Federal motor fuels user fee excise rate to produce the amount of revenue to the HTF needed to meet the highway and transit program cash outlays for the year. This adjustment would have two parts: (1) a base adjustment to protect that purchasing power of the highway and transit programs that would be linked to the annual Consumer Price Index (indexing); and (2) depending on U.S. Treasury revenue projections for the Highway Trust Fund from *all* sources during the upcoming year (for example, could include possible recapture of ethanol revenues, interest on the trust fund, prudent use of the existing HTF balance, revenues from innovative financing) an adjustment in the motor fuels rate above indexing that is necessary to provide the revenue needed to meet the outlay target.

By implementing these recommended changes, it is possible to increase Federal highway and transit investment significantly without a large, one time increase in the motor fuels excise user fee rate (which would also exacerbate the HTF balance build up just discussed).

Funding the annual authorizations we have proposed, would, with implementation of the changes we have recommended, require at most an annual adjustment of the Federal motor fuels excise user fee rate of 2.2 cents per gallon. Approximately one-half cent of that increase would be the result of indexing to the CPI. If the HTF revenue stream were enhanced by redirection and equitable taxation of ethanol, use of the existing HTF balance, more revenues due to a robust economy—any or all—the annual adjustment in the motor fuels excise user fee rate would be lower than 2.2 cents per gallon (including indexing)! (See Figure 4.)

Fig. 4 - Maximum Annual Motor Fuel Excise Rate Adjustment Necessary To Finance a $60 Billion Federal Highway Program and $14 Billion Mass Transit Program by FY 2009



Revenue RABA Provision: An Approach that Eliminates Current RABA Political and Program Planning Problems

The "Two Cents Makes Sense" proposal would also replace the TEA–21's RABA (Revenue Aligned Budget Authority) adjustment with a "Revenue RABA Provision." The necessary user fee increases in Figure 3 were calculated using the most recent Highway Trust Fund projections by the U.S. Department of Treasury and the Congressional Budget Office. When TEA–21 is reauthorized, new calculations, based on the then current data, may indicate user fee increases slightly higher or lower than those in Figure 3.

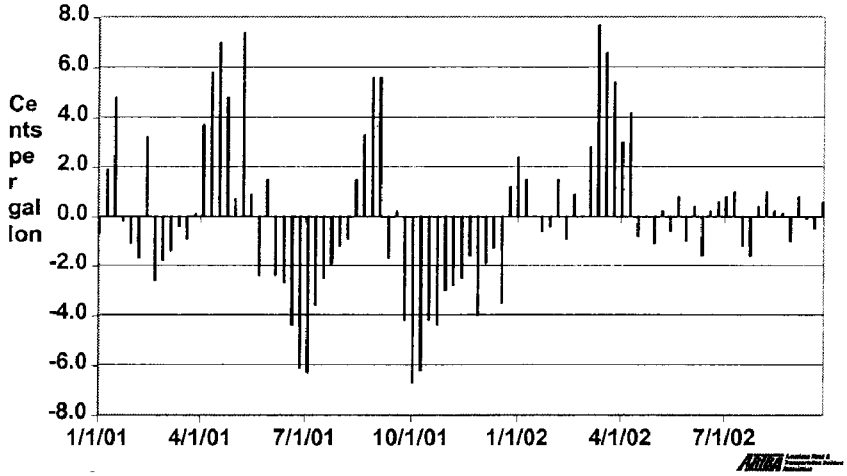
Under a "Revenue RABA Provision," if revenues into the HTF during any given fiscal year were to fall short of outlays, then the following year the statutory motor fuels excise user fee rate would be automatically allowed (or certified) to increase by the amount required to offset the deficit and make the trust fund whole. *This would eliminate the political problems and program disruptions that have occurred with the fiscal year 2003 transportation appropriation caused by the current RABA construct.*

Conversely, *if revenues to the HTF were to exceed required outlays during a fiscal year, then the following year the motor fuels excise user fee rate would be automatically decreased* by the amount needed to offset the resulting surplus.

This "Revenue RABA Provision" would ensure that the highway and mass transit program does not contribute to the Federal deficit during the next 6 years.

Looking Rationally at the Impact of an Annual Two Cent User Fee Adjustment: The Real World Gas Price Experience

During the past year and a half, the retail price of gasoline has fluctuated by an average 2.5 cents per gallon per week! (See Figure 5.) In 14 of the weeks, the average national retail price of gasoline either increased or decreased by 5 cents per gallon or more. In 39 of the 75 weeks shown in Figure 5—or more than half the time—the average retail price nationally fluctuated at least 2 cents per gallon from 1 week to the next.



What this means, of course, is motorists are used to paying *each week* the level of annual adjustment in the Federal motor fuels excise user fee rate proposed by ARTBA to support a $60 billion Federal highway and $14 billion Federal transit program by fiscal year 2009!

ARTBA commissioned Zogby International to conduct a national survey of likely voters July 9–12, 2002, which found almost 70 percent would support an annual 2 cent per gallon increase in the Federal motor fuels tax rate if the money it generated was used exclusively for transportation improvements. A 2 cent gas tax increase would cost the average driver $12 per year, or 6 cents per day. That compares to the estimated $259 each motorist pays per year in extra vehicle repair and operating costs driving on poor roads.

Maintenance of Effort Provision to Ensure Program Growth in Every State

A key component of financing highway, bridge, and mass transit improvements is the partnership between Federal, State and local governments to develop and maintain the Nation's surface transportation network. It is critical for all partners to make an appropriate commitment to transportation investment. *Unfortunately, a number of States let their own funds for highway and bridge investment lag upon realizing the increased Federal funds they would receive under TEA–21.*

To ensure increased Federal surface transportation investment actually results in more funds for transportation improvement projects, ARTBA believes the reauthorization of TEA–21 should include a "maintenance of effort" provision that makes increased apportioned Federal funds *contingent on* individual State highway and transit program investment levels consistent with, at least, their prior year investment.

Mr. Chairman, thank you again for the opportunity to submit our testimony to the Committee on this important subject.

STATEMENT OF THE AMERICAN SOCIETY OF CIVIL ENGINEERS (ASCE)

The American Society of Civil Engineers (ASCE) is pleased to provide this statement for the record on America's transit needs.

ASCE, founded in 1852, is the country's oldest national civil engineering organization representing more than 125,000 civil engineers in private practice, Government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a 501(c)(3) nonprofit educational and professional society.

ASCE believes the reauthorization of the Nation's surface transportation programs should focus on three goals: [1]

- Expanding infrastructure investment
- Enhancing infrastructure delivery
- Maximizing infrastructure effectiveness

In 2001, ASCE released the Report Card for America's Infrastructure, which gave the Nation's infrastructure a grade of "D+" based on 12 categories. Roads received a grade of "D," bridges a "C," and transit a "C−."

The Nation's surface transportation programs have benefited from an increase in Federal and local funding currently allocated to ease road congestion, to repair decaying bridges, and to add transit miles. In our role as stewards of the infrastructure, ASCE developed its first Report Card for America's Infrastructure in 1998, and the infrastructure scored an overall grade of "D."

Although many Americans were alarmed by these report cards, few were surprised. Their daily experience had prepared them. They were coping with traffic congestion and crumbling pavement. Their children and grandchildren were attending schools so overcrowded that the first lunch shift started at 10:15 a.m. or so old and neglected that the roof leaked whenever it rained.

Indeed, ASCE's first report card in 1998 *did* help to prompt action. Soon after its release, Congress passed the Transportation Equity Act for the 21st Century (TEA–21), P.L. 105–178, providing record levels of authorized funding for roads, bridges, and transit. Voters in communities throughout the United States passed bond initiatives to provide desperately needed funds to build and restore school facilities.

At the same time, however, growing frustration with worsening traffic congestion, school overcrowding, and the other burdens placed on our overtaxed infrastructure has led voters to put the brakes on development by passing initiatives to limit growth.

The State of the Nation's Transit Infrastructure

According to ASCE's 2001 Report Card, the grade for transit declined from a C to a C minus. While transit bus and rail facilities have improved in recent years and new systems are being built, those improvements can't keep up with the heavy strain placed on the system by rapidly increasing ridership, which has increased by 15 percent since 1995—even faster than aviation or highway transportation.

Capital spending must increase 41 percent just to maintain our transit system at its present level of service. But we need to do more than that. Many transit systems were designed to transport workers from the suburbs to jobs in urban centers—a pattern that has now shifted to include suburb-to-suburb commutes as well. In order to reduce highway congestion and the associated pollution, we need to build a flexible, coordinated transportation system. Improvements like that will require up to $16 billion annually.

For transit there is both good news and bad news. The bad news is that while investments at both the Federal and State/local levels are increasing, ridership demand is increasing at an even faster rate. The good news is that increased ridership means increased fare box revenues. However, it means additional public investment is needed. Yet, the question remains, can investment keep pace with demand?

In 2000, Americans took more than 9 billion trips on transit, and transit ridership increased by 4.5 percent over 1998. This continued a trend that marked the fourth straight year of ridership increases, and amounted to a 15 percent increase since 1995.

Transit funding is growing, but at a slower pace. Total spending for mass transit in 1997 was $25.1 billion. The Federal share was $4.4 billion, State and local governments contributed $13.2 billion and operating revenue provided the rest. For fiscal year 2000, the Federal investment increased to $4.56 billion and to $6.2 billion

[1] To read ASCE's "Reauthorizing the Nation's Surface Transportation Program: A Blueprint for Success," visit *www.asce.org/govrel/tea3.*

for fiscal year 2001. Total spending from all sources on transit capital projects for fiscal year 1997 was $7.6 billion.

The Federal Government invests $7.66 billion annually in mass transit capital improvements. However, according to the Federal Transit Administration an additional $10.8 billion is needed to maintain current conditions and $16 billion to eliminate identified deficiencies. Capital spending on transit needs to increase 41 percent to reach $10.8 billion annually.

Even with the increased investment, many people in the United States have little or no access to transit at all. The Federal Transit Administration reports that 25 percent of the Nation's urban population does not have pedestrian access to transit. In addition, 30 percent of the Nation's nonmetropolitan counties have no transit service at all. This can prevent those without motor vehicles from participating in the economy, places the financial burden of automobile ownership on many low-income families, and adds unnecessary automobile trips to our Nation's congested streets and highways.

There are substantial benefits to the taxpayer in exchange for public investment in transit infrastructure. Transit provides basic mobility for those lacking a motor vehicle or who are unable to drive. It promotes location efficiency and reduces other infrastructure costs by encouraging dense, multipurpose, pedestrian-oriented urban development. Transit is more energy efficient on a per-person basis than the automobile. Finally, and perhaps most important, it provides an environmental benefit. By reducing passenger car traffic transit reduces air, noise, and water pollution precisely where those reductions are needed most, in major urban areas.

The U.S. Department of Transportation reports that: [2]

- Investment in transit continues to increase, including increased Federal funding through TEA–21. Transit system route miles show a 10-year increase of 44.2 percent in rail service and 10.4 percent in nonrail service.
- In 1997, there were 149,468 transit vehicles; 9,922 miles of track; 2,681 stations; and 1,179 transit maintenance facilities in the United States.
- There were 156,733 nonrail route miles of transit service in 1997.
- Transit system capacity, measured in vehicle revenue miles, increased by 19.7 percent from 1987 to 1997, while nonrail increased 17.1 percent.
- The average condition of urban bus vehicles was 3.1 on a scale of 5.0 or adequate, largely unchanged for the past 10 years. Sixty-three percent of urban bus vehicles are full-sized buses whose average condition has remained steady at 3.0 for the last decade.
- The average condition of rail vehicles was 4.0 or good. This is down slightly and caused by heavy ridership in major urban areas.

According to the Department of Transportation, the estimated average annual investment required to maintain the same physical conditions and operating performance of the Nation's transit systems as in 1997, by replacing and rehabilitating deteriorated assets and expanding capacity to accommodate expected transit passenger growth, is $10.8 billion. The cost to improve conditions and performance is estimated to be $16 billion.[3]

Expanding the Investment in the Nation's Surface Transportation Programs

Establishing a sound financial foundation for future surface transportation improvements is an essential part of the reauthorization of the surface transportation program. TEA–21 provided record funding levels to the States and significant improvements have been made to our Nation's infrastructure. In spite of these notable efforts, the Nation's surface transportation system will require an even more substantial investment. The U.S. Department of Transportation (DOT) data reflects the fact that an investment of $50 billion per year would be needed just to preserve the system in its current condition. With funding as the cornerstone of any attempt to reauthorize TEA–21 it is imperative that a variety of funding issues be advanced as part of ASCE's overall strategy.

ASCE supports total annual funding of $40 billion to $50 billion for the Federal-aid highway program. To achieve this level, *ASCE supports an increase of 6 cents per gallon in the Federal user fee on gasoline.* This would raise approximately $10.2 billion a year, of which an estimated $8.4 billion in new revenues would be available in direct financing for Federal-aid highway projects annually. The remainder—ap-

[2] U.S. Department of Transportation, *1999 Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance,* May 2000.

[3] Ibid.

proximately $1.8 billion annually—would be directed to Federal transit programs. These increases are desperately needed.

ASCE supports the following goals for increasing our infrastructure investment.

- A 6 cent increase in the user fee with 1 cent dedicated to infrastructure safety and security. *These new funds should be distributed between highways and transit using the formula approved in TEA–21.*
- The user fee on gasoline should be indexed to the Consumer Price Index (CPI) to preserve the purchasing power of the fee.
- The Transportation Trust Fund balances should be managed to maximize investment in the Nation's infrastructure.
- Congress should preserve the current firewalls to allow for full use of trust fund revenues for investment in the Nation's surface transportation system.
- The reauthorization should maintain the current funding guarantees.
- Congress should stop diverting 2.5 cents of the user fee on ethanol to the General Fund, and put it back into the Highway Trust Fund.
- Make the necessary changes to alter the Revenue Aligned Budget Authority (RABA) to decrease the volatility of the estimates from year to year and ensure a stable user fee based source of funding.
- *The current flexibility provisions found in TEA–21 should be maintained. The goal of the flexibility should be to establish a truly multimodal transportation system for the Nation.*

First to be addressed is the issue of raising the user fee on motor fuels. While the gas tax is an important element of the current revenue stream feeding the Federal Highway Trust Fund, it continues to erode in value due to its inherent inelastic nature. Two strategies must be advanced to remedy this condition. First, raise the gasoline user fee *by 6 cents.* This would provide a much needed infusion of funding toward the $50 billion per year need. In tandem with raising the motor fuel tax, ASCE believes that it is important to shore up the weakness of the motor fuel tax and its inability to retain value over the long term by *adding a provision to the law that would index it based on the Consumer Price Index (CPI).* This would allow the rate to adjust and reflect the current economic conditions of the Nation.

As the needs of the users change so must the priorities of the Nation's transportation owners and operators. Safety and security have always been important but have been driven to the top of the priority list by events of the last year. In response to this important need, *ASCE is advancing the position that 1 cent of the proposed 6 cent increase in the motor fuel tax be directed toward safety and security projects as deemed appropriate by the transportation agencies administering the funds.*

Important provisions of TEA–21 are embodied in the principles of Revenue Aligned Budget Authority (RABA) and firewalls. RABA was established to ensure that the Federal Highway Trust Fund revenues would be spent in accordance with the rate at which they were deposited into the fund. Over the life of TEA–21 it has allowed states to construct many projects with these additional monies that would have otherwise languished in the trust fund. In addition, with the establishment of firewalls on the Federal Highway Trust Fund, a condition was created wherein the states could count on their funds in a long term investment strategy. This has eliminated the fear that some major projects would fall victim to various budget strategies at the national level.

Any transportation legislation must have two fundamental philosophies to build upon. First is the issue of equity. Some measure of equity was accomplished through the establishment of minimum guarantees. This provision of TEA–21 raised the return to the States to a minimum level in order to bring greater equity to the donor/donee situation that exists across the country. In addition, a commitment to spend the maximum amount possible from the Federal Highway Trust Fund was an important part of this legislation. Positive, proactive management of the trust fund balance will be essential to addressing the critical transportation needs facing our Nation today.

Innovative Financing

Even with increases in the gasoline user-fee, it is likely that tax-based revenues will not be sufficient to keep pace with the Nation's transportation needs.

There is a compelling need for enhanced funding, to a large extent through user-oriented fees that have been demonstrated to be a well-accepted and equitable source of infrastructure financing. In the case of surface transportation, Federally sponsored studies demonstrate the need for higher levels of investment. An additional challenge is to convince our citizens and our elected leaders that we must either "pay now" or "pay later," and that paying now is much more cost-effective and prudent in the long run.

Innovative financing techniques can greatly accelerate infrastructure development and can have a powerful economic stimulus effect compared to conventional methods. This is the current approach in South Carolina, Georgia, Louisiana, Florida, and Texas, where expanded and accelerated transportation investment programs have been announced. Innovative financing techniques, including toll road-based funding, figure heavily in several of these State programs.

The innovative programs in TEA–21 have been a good start, but more needs to be done to expand their scope, and new programs or approaches must be introduced. We must find new and innovative ways to finance the critical transportation infrastructure needs of the Nation.

ASCE supports the innovative financing programs and advocates making programs available to all States where appropriate. Additionally, the Federal Government should make every effort to develop new programs.

ASCE supports the following changes to enhance the existing programs:

Transportation Infrastructure Finance and Innovation Act (TIFIA)

- The TIFIA process for review, approval, and negotiation is regarded as burdensome, and could be streamlined.
- TIFIA projects have a minimum eligibility threshold of $100 million and consideration could be given to lowering this to $50 million to expand the pool of projects.
- TIFIA loans could be "fully subordinated." Current TIFIA legislation is written to subordinate TIFIA loans to other creditors. However, in the event of liquidation/default, the TIFIA loan advances to parity status with other creditors. This is known as the "springing lien" provision. It is thought by some that this has limited the availability of other credit. The issue is controversial, with pros and cons on both sides, but reform should be seriously considered.

State Infrastructure Banks (SIB's)

- With the exception of five States (Texas, Rhode Island, Florida, Missouri, and California), TEA–21 did not permit further capitalization of SIB's with Federal funds. It is felt that this has suppressed SIB activity.
- Federal regulations still apply to loan funds that are repaid to the bank, encumbering SIB funded projects with Federal regulatory requirements.

Grant Anticipation Revenue Vehicles (GARVEE's)

- Increase the flexibility of GARVEE bond repayment methods. For example, utilize the total apportionment amount as a source of repayment (for example, all funding categories), so that no particular funding category is overburdened.

New programs for consideration as part of the next reauthorization are:

- Increased use of user fees, tolls, value pricing, and HOT lanes.
- Possible indexing of highway trust fund motor fuels tax to inflation.
- Establishing a true multimodal funding program (for example, funds can be used interchangeably for rail, highway, freight, intermodal facilities, etc.).
- Tax credit bonds, private activity bonds, and tax-exempt bonds for privately developed projects.

Long-Term Viability of Fuel Taxes for Transportation Finance

ASCE supports the need to address impacts on future surface transportation funding and believes that provision should be made in the next surface transportation authorizing legislation to explore the viability of the most promising options to strengthen this funding. In particular, the impacts of fuel cell technology should be studied, as well as how to create a mileage-based system for funding our Nation's surface transportation system as this technology comes to market and lessens the Nation's dependence on gasoline as a fuel source for automobiles.

Fuel taxes have long been the mainstay of transportation infrastructure finance, but their future is now uncertain. In many States, there is a strong reluctance to raise fuel taxes, and some State legislatures have even reduced taxes to compensate for the sharp increase in average gasoline prices over the last 2 years. Many localities and States are supplementing or replacing fuel taxes with other sources, such as sales taxes and other general revenue sources. There is also a growing trend to use additives to gasoline for environmental reasons. The most prominent additive, ethanol, enjoys a Federal exemption from fuel taxes that reduces Federal and State trust fund revenues by some several billion dollars annually. Looking ahead, a slow but steady increase in fleet efficiency—perhaps due to increased market penetration by electric, fuel cell, or hybrid technologies—would reduce the revenue per mile of use generated by users. Whereas cleaner-burning fuels and increased fuel efficiency are desirable policy goals in their own right, particularly in regard to global warming, they may reduce the reliability of fuel taxes in the future.

A helpful first step in this process will be the Transportation Research Board's recently initiated Study on Future Funding of the National Highway System, which will describe the current policy framework of transportation finance and evaluate options for a long-term transition to sources other than fuel taxes. The goals of the study are to: (1) determine the extent to which alternatives to fuel taxes will be needed in the next two decades or so; (2) analyze the pros and cons of different alternatives in terms of political feasibility, fairness, and cost; (3) suggest ways in which barriers to these alternatives might be overcome; (4) recommend ways in which the efficiency and fairness of the fuel tax could be enhanced, and (5) recommend, as necessary, a transition strategy to other revenue sources. The study's first task, to be summarized in an interim report, will provide one or more scenarios to illustrate the time span during which petroleum-based gasoline availability and cost might reduce fuel tax revenues. The interim report has been requested to provide insight to those parties involved in the development of the surface transportation reauthorization legislation, particularly with regard to projections of fuel tax revenues during the next reauthorization cycle. The study will also provide estimates of trends in expenditures for transportation infrastructure from sources other than the fuel tax.

Life-Cycle Cost and Surface Transportation Design

The use of Life-Cycle Cost Analysis (LCCA) principles will raise the awareness of clients of the total cost of projects and promote quality engineering. Short-term design cost savings which lead to high future costs will be exposed as a result of the analysis. In the short-term the cost of projects will increase; however, the useful life of a project will increase, and there may be cost savings in operations and maintenance over the long-term.

When the cost of a project is estimated only for design and construction, the long-term costs associated with maintenance, operation, and retiring a project, as well as the cost to the public due to delays, inconvenience, and lost commerce are overlooked. The increasing use of bidding to select the design team has resulted in a pattern of reducing engineering effort to remain competitive, with the result of higher construction and life-cycle costs.

ASCE encourages the use of Life-Cycle Cost Analysis (LCCA) principles in the design process to evaluate the total cost of projects. The analysis should include initial construction, operation, maintenance, environmental, safety, and all other costs reasonably anticipated during the life of the project, whether borne by the project owner or those otherwise affected.[4]

Intermodal Facilities

TEA–21 continues a surface transportation program with flexible funding for highway, transit, and other modal facilities. Traditional transportation practice inhibits attainment of a truly intermodal process because of customary approaches and philosophies that support the modal orientation of agencies, the lack of connections among modes, the inequities in Federal matching ratios for different modes, and the consolidation of funding for multimodal projects.

A primary emphasis of passenger intermodalism is to facilitate connections between the private automobile and other access modes and public transportation systems. For example, park-and-ride facilities provide critical connections for mass transit commuters using automobiles for a portion of their trips.

TEA–21 continues to highlight intermodalism. Increased intermodalism is accomplished by statewide and metropolitan planning organizations, management systems and compliance with the Clean Air Act Amendments of 1990 (CAAA). Federal regulations explicitly state that "each State . . . carry out a continuing, comprehensive, and intermodal statewide transportation planning process," and that metropolitan transportation plans and programs shall "lead to the development and operation of an integrated intermodal transportation system that facilitates the efficient, economic movement of people and goods."

TEA–21 and the CAAA have changed the way transportation plans have been developed from a mode by mode to an intermodal basis.

Programs of the Federal, State, and local governments should maintain and strengthen the TEA–21 provisions and funding mechanisms to consider a wide range of multimodal options and new technologies in the development of transportation plans, programs, and projects.

ASCE supports the vision of the Transportation Equity Act for the 21st Century (TEA–21) in the development of "a National Intermodal Transportation System that is economically efficient, environmentally sound, provides the foundation for the Na-

[4] American Society of Civil Engineers, Policy Statement 451, "Life-Cycle Cost Analysis," 1999.

tion to compete in the global economy and will move people and freight in an energy efficient manner." Support for partnerships among the Federal, State, and local governments, with various citizens, groups, and firms from the private sector are essential to further the intermodal goals of TEA–21.[5]

Operations and Maintenance of the Nation's Surface Transportation Infrastructure

There is a clear and present need for an increased focus on transportation operations and maintenance at all levels—Federal, State, regional, and local. This need is based on several factors:

- An aging transportation infrastructure.
- Growing congestion and incident problems are causing transportation system performance to be a top priority in many areas of the country.
- Capacity constraints and costs of new construction are forcing us to look at alternative solutions and place a premium on maintaining and improving the existing transportation system.
- Customers desire travel choices, better information, and increased reliability to meet their mobility needs.
- An efficient and responsive transportation system is critical to meeting homeland security priorities.

An increased focus on transportation operations functions can enhance performance of the transportation system, for example:

- Routine traffic and transit operations.
- Public safety responses.
- Planned construction disruptions.
- Incident management.
- Network and facility management.
- Traveler and shipper information.
- Bicycle and pedestrian mobility.

The Department of Transportation should encourage local matching and innovative funding. The Federal Government has a role in exploring and promoting best practices related to innovative funding for operations and maintenance.

ASCE supports a strong Federal role in the Nation's transportation system and strongly endorses Federal leadership in increasing the focus on transportation operations and maintenance, thereby enhancing the performance of and preserving our investment in the transportation system. Reauthorization of TEA–21 should accomplish the following regarding Operations and Maintenance:[6]

- Support and assist homeland security initiatives. Transportation operations and homeland security share many of the same goals and functions. Resource sharing (that is communications infrastructure, traffic control centers) and joint planning are appropriate. Transit security and preparedness, international border security, asset security and tracking, vulnerability assessment, planning, and creation of system redundancy are important transportation priorities for homeland security.
- Support and assist State and local agencies. Beyond establishing transportation operations and maintenance as a national priority, the Federal role should be to support and assist State and local entities in accomplishing related goals. This includes support of research and development, provision of tools, promotion of best practices, and enhancement of education and training at all levels.
- Provide flexible funding. Flexible funding approaches are important components to supporting operations and maintenance needs. Expanding funding eligibility for operations and maintenance programs, enabling direct funding to local and regional operating agencies, public-private partnerships or outsourcing, and simplifying and clarifying Federal funding processes are important actions.
- Recognize that the private sector has much to offer in management and technical skills in operations and maintenance. Public-private partnerships may provide enhanced operations and management programs.
- Specific programs. In addition to flexible funding, several programs should be considered for targeted funding:
  - Homeland security initiatives related to transportation.
  - Incident management programs.
  - Implementation of infrastructure for data collection and management.

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[5] American Society of Civil Engineers, Policy Statement 149, "Intermodal Transportation Systems," 2002.

[6] American Society of Civil Engineers, Policy Statement 495, "Operations and Maintenance of Transportation Systems," 2002.

- Provision of real-time information to and from customers.
- Support for regional cooperation and partnerships.
- Programs to alleviate bottlenecks.

Conclusion

As Congress grapples with the reauthorization of the Nation's surface transportation program ASCE recommends that the following concepts guide the process:

- Expanding infrastructure investment.
- Enhancing infrastructure delivery.
- Maximizing infrastructure effectiveness.

Unless we act now, the problem will only get worse because road use is expected to increase by nearly two-thirds in the next 20 years.

The lack of adequate investment in America's infrastructure has left us with a vast backlog of deteriorated facilities that no longer meet our Nation's increasing demands. To remedy America's current and looming problem, ASCE estimated in 2001 a $1.3 trillion investment in all categories of infrastructure over the next 5 years and called for a renewed partnership among citizens, local, State, and Federal Governments, and the private sector.

The United States Conference of Mayors

TEA-21 REAUTHORIZATION LEGISLATIVE AGENDA

STRENGTHEN METROPOLITAN ECONOMIES THROUGH TRANSPORTATION INVESTMENT

September 2002

Thomas M. Menino, Mayor of Boston, President
James A. Garner, Mayor of Hempstead, Vice President
Donald L. Plusquellic, Mayor of Akron, Advisory Board Chair
Kenneth L. Barr, Mayor of Fort Worth, Transportation & Communications Chair
J. Thomas Cochran, Executive Director

The United States Conference of Mayors

Strengthen the Nation's Economy Through Metropolitan Transportation Investment

Metropolitan economies function as engines of economic growth, job and income creation, and new industry for their region and for the nation.

Core Principle

Suballocation and increased federal and state transportation investment to metropolitan areas is vital to the future of the United States economy.

- ✓ Metropolitan areas generate 80% of the nation's employment, income, and production of goods and services
- ✓ Metropolitan area transportation infrastructure also acts as a gateway between the nation's non-urban areas and the global economy
- ✓ Metropolitan areas are transportation hubs, serving as the primary points of exit for goods headed for international markets
- ✓ The concentration of transportation infrastructure in metropolitan areas also lowers transportation costs, lowering the final costs of production inputs, and ultimately providing goods and services to final customers at a lower price

Reauthorization Goals

- ✓ Preserve and grow the transit program from $7.5 billion to $14 billion and highway program from $34 billion to $41 billion by FY 2009
- ✓ Suballocate surface transportation funds to metropolitan areas for repair and maintenance of existing urban highways while giving equal weight to expanding public transit systems, congestion mitigation, safety programs, intermodal projects, land use, and streamlined federal and state transportation regulations

The Gross Metropolitan Product Of The Top 10 Metro Areas In 2001 Exceed The Combined Output Of 31 States

Policy Reauthorization Recommendations

Congestion & Air Quality

- ✓ Substantially increase the Congestion Mitigation and Air Quality (CMAQ) program to $4.5 billion annually
- ✓ Require states to suballocate National Highway System (NHS) funding to metropolitan areas no less than a ratio of number of NHS lane miles in metropolitan areas for congestion relief
- ✓ Dedicated resources to combat increasing urban congestion through expanded use of ITS technology

Suballocation

- ✓ Suballocate CMAQ and Intelligent Transportation Systems Program (ITS) funds and decision-making directly to metropolitan areas
- ✓ Revise the Borders & Corridors Program to suballocate funding to border metropolitan areas for transportation, infrastructure, and technology advancing secure and efficient international trade and travel

92% Of The Nation's Mayors Believe The Suballocation Of Federal Surface Transportation Funds To Metropolitan Areas Would Provide Greater Transportation Solutions

The United States Conference of Mayors

In A National U.S. Conference of Mayors Poll, 60% Percent Of Americans Favor Expanding Public Transportation Over Driving

Rail Investment

- ✓ End diversion of railroad diesel tax revenues to the general fund and address the need to improve rail infrastructure (freight, commuter, and passenger) through a commitment of the railroad fuel tax and other potential federal resources for this purpose

80% Federal – 20% Local Transit Share

- ✓ Maintain current matching shares for the transit program as authorized under TEA-21

Maintain Flexible Funding Guarantees

- ✓ Maintain the firewalls, guaranteed funding levels and flexibility for the transit and highway program
- ✓ Explore flexible financing options to address a variety of road, transit, commuter rail, bicycle, and pedestrian needs
- ✓ Expand innovative incentive-based programs for encouraging alternative transportation use, such as tax credits for using public transit, walking or biking

Smart Growth & Urban Reinvestment

- ✓ Support transit linkages related to land use development emphasizing strong consideration of projects with transit supportive land use patterns

Substandard Bridges

- ✓ Increase both formula and discretionary funds to continue to reduce the backlog of substandard bridges with targeting of funds to the local levels

Intermodal Connections

- ✓ Seamless transportation system for all modal elements, including airports, highway, passenger and freight rail

Mega Projects

- ✓ Identify and advance funding of major transportation projects by challenging the Federal Highway Administration to work with states and local government to develop a program that would address the needs of "mega projects"

Context-Sensitive Roadway Design

- ✓ Promote more explicit definition of context sensitive roadway design standards to minimize delays in implementing federally funded projects in constrained urban areas
- ✓ Revise the American Association of State Highway and Transportation Officials (AASHTO) Green Book to more explicitly identify the range of options to balance traffic safety and community values

Transit Investing In Working Families

- ✓ Increase funding and coordination of human and social service programs with transportation policies, such as Job Access/Reverse Commute

Securing The Nation's Transportation Infrastructure

- ✓ Continue the development of a comprehensive security improvement program that secures the nation's transportation network without utilizing TEA-21 reauthorization funding

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TEA-21 Reauthorization Policy Stakeholders

U.S. Department of Transportation, Secretary Norman Y. Mineta
U.S. Senate Committee on Environment & Public Works, Chairman James M. Jeffords (VT)
U.S. Senate Committee on Banking, Housing, and Urban Affairs, Chairman Paul S. Sarbanes (MD)
U.S. Senate Committee on Commerce, Science & Transportation, Chairman Ernest F. Hollings (SC)
U.S. House of Representatives Committee on Transportation Infrastructure, Chairman Don Young (AK)

The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor. The primary roles of the Conference of Mayors are to promote the development of effective national urban/suburban policy; strengthen federal-city relationships; ensure that federal policy meets urban needs; provide mayors with leadership and management tools; and create a forum in which mayors can share ideas and information. For more information on the U.S. Conference of Mayors TEA-21 Reauthorization agenda contact Ron Thaniel, Assistant Executive Director, at 202-861-6711.

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